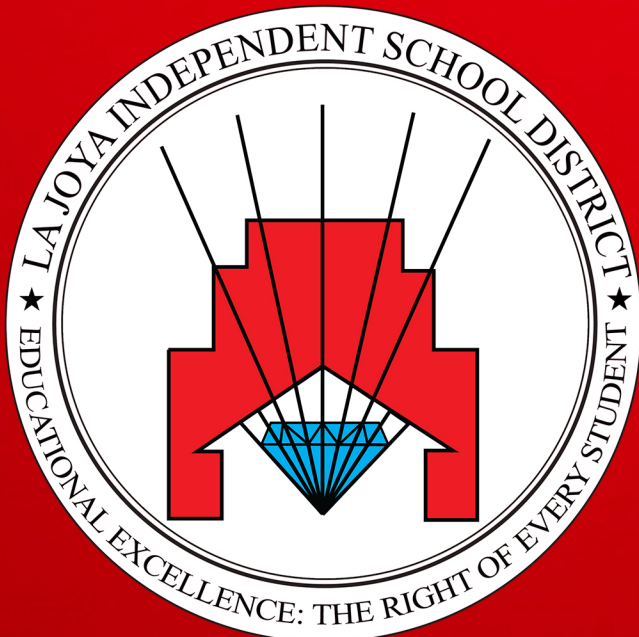


# La Joya Independent School District

## Comprehensive Annual Financial Report



Fiscal Year Ending  
August 31, 2018



201 E. Expressway 83 La Joya, TX 78560

LA JOYA  
INDEPENDENT SCHOOL DISTRICT  
201 E. EXPRESSWAY 83  
LA JOYA, TEXAS 78560

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
AUGUST 31, 2018

Prepared by:

Administration and Finance Department

Dr. Alda T. Benavides, Superintendent

Alfredo Andres Vela, Asst. Superintendent for Administration and Finance





LA JOYA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2018

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Table of Contents.....	i-iii	

**INTRODUCTORY SECTION**

Letter of Transmittal.....	iv–xiv	
GFOA Certificate of Achievement.....	xv	
ASBO Certificate of Excellence.....	xvi	
List of Principal Officials.....	xvii	
La Joya ISD Organizational Chart.....	xviii	
Certificate of Board.....	xix	

**FINANCIAL SECTION**

Independent Auditor’s Report.....	1	
Management's Discussion and Analysis.....	3	

**Basic Financial Statements**

*Government Wide Financial Statements:*

Statement of Net Position.....	10	A-1
Statement of Activities.....	11	B-1

*Governmental Fund Financial Statements:*

Balance Sheet.....	13	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	14	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	15	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	16	C-4
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund.....	17	C-5

*Proprietary Fund Financial Statements:*

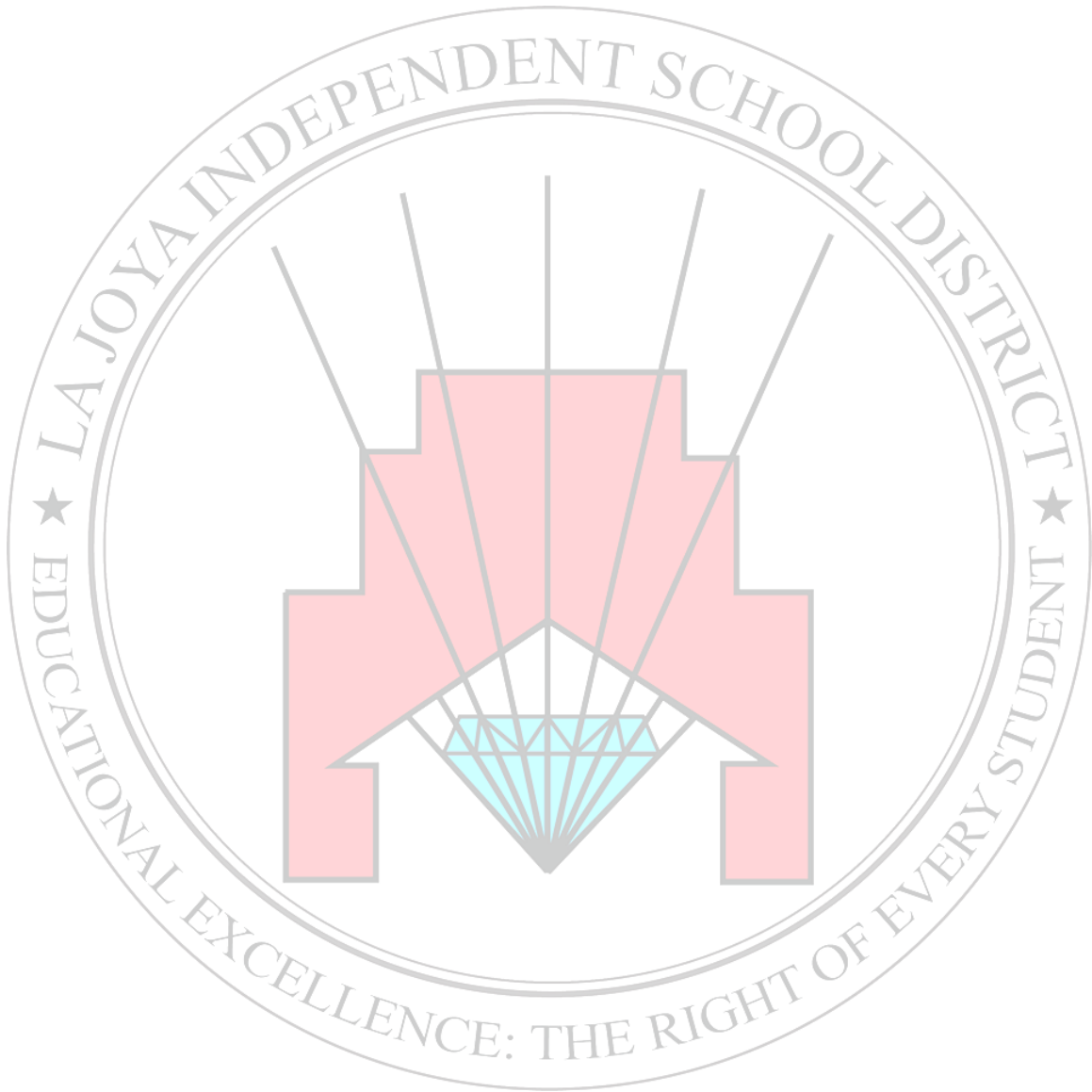
Statement of Net Position.....	18	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	19	D-2
Statement of Cash Flows.....	20	D-3

*Fiduciary Fund Financial Statement:*

Statement of Fiduciary Assets & Liabilities.....	21	E-1
Notes to the Financial Statements.....	22	

**Required Supplementary Information**

Schedule of the District’s Proportionate Share of the Net Pension Liability - Teacher Retirement System of Texas.....	56	G-1
Schedule of the District Contributions – Teacher Retirement System of Texas.....	57	G-2
Schedule of the District’s Proportionate Share of the Net OPEB Liability - Teacher Retirement System of Texas.....	58	G-3
Schedule of the District OPEB Contributions – Teacher Retirement System of Texas.....	59	G-4
Notes to Required Supplementary Information.....	60	



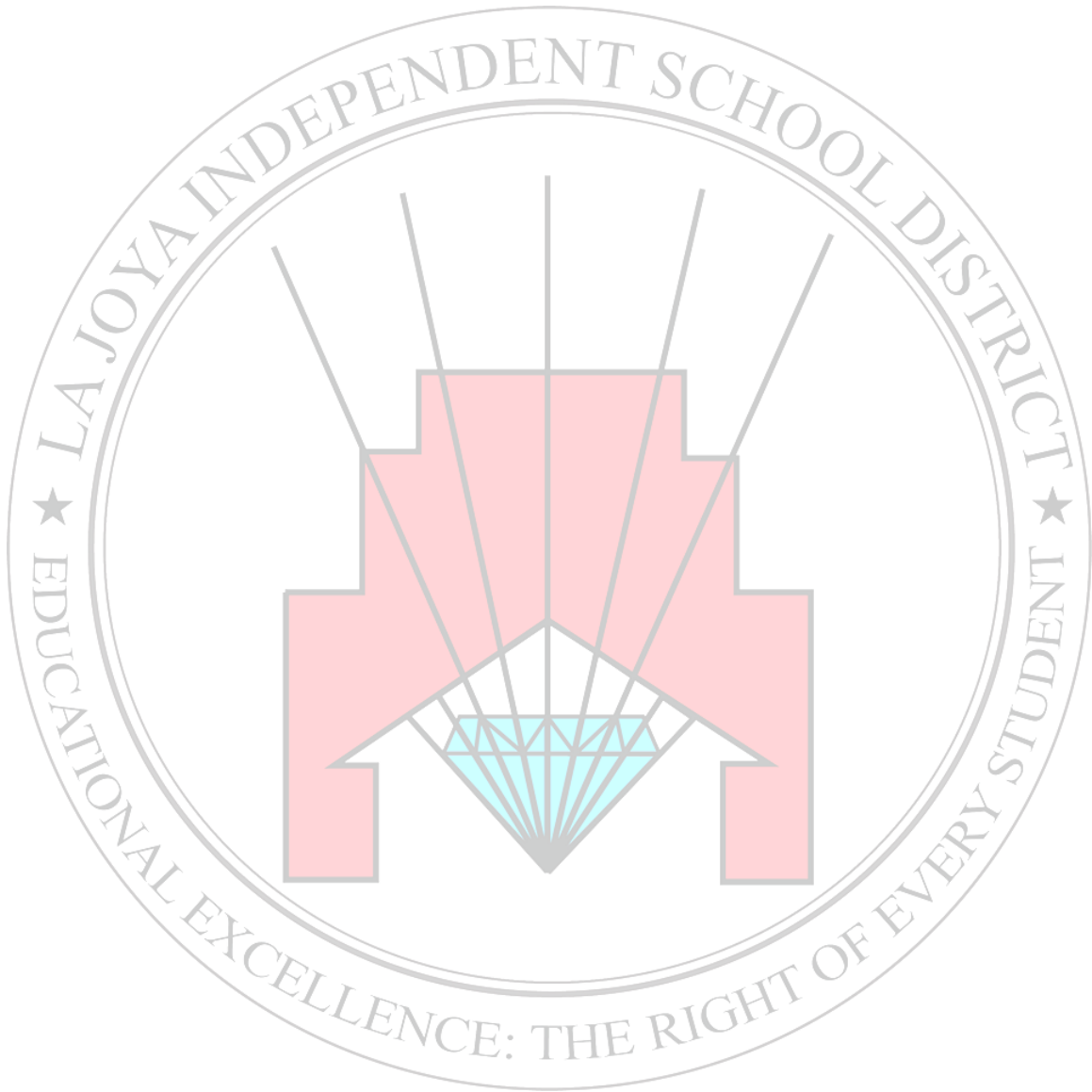
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LA JOYA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2018

TABLE OF CONTENTS (Continued)

	<u>Page</u>	<u>Exhibit</u>
<b><u>FINANCIAL SECTION (Continued)</u></b>		
<b>Combining and Other Statements</b>		
Non-Major Governmental Funds Defined.....	62	
<i>Non-Major Governmental Funds:</i>		
Combining Balance Sheet.....	64	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	68	H-2
<i>Internal Service Funds:</i>		
Combining Statement of Net Position.....	72	H-3
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	73	H-4
Combining Statement of Cash Flows.....	74	H-5
<i>Non-Major Enterprise Funds:</i>		
Combining Statement of Net Position.....	75	H-6
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	76	H-7
Combining Statement of Cash Flows.....	77	H-8
<i>Fiduciary Funds:</i>		
Combining Statement of Assets and Liabilities.....	78	H-9
Combining Statement of Changes in Assets and Liabilities.....	80	H-10
<b>Required TEA Schedules</b>		
Schedule of Delinquent Taxes Receivable.....	82	J-1
Schedule of Revenues, Expenditures, and Changes in Fund Balance		
Budget and Actual – Child Nutrition Program.....	84	J-2
Schedule of Revenues Expenditures and Changes in Fund Balance		
Budget and Actual - Debt Service Fund.....	85	J-3
<b><u>STATISTICAL SECTION (Unaudited)</u></b>		
Statistical Information.....	86	
<b>Financial Trends</b>		
Net Position by Component.....	87	1
Governmental Activities Expenses and Program Revenues.....	89	2
General Revenues and Changes in Net Position.....	91	3
Fund Balances - Governmental Funds.....	93	4
Governmental Fund Revenues by Source.....	95	5
Governmental Fund Expenditures by Function.....	97	6
Governmental Fund Expenditures by Function.....	99	7
Governmental Funds Other Sources, Uses and Changes in Fund Balances.....	101	8
Governmental Fund Expenditures by Function per Average Daily Attendance.....	103	9
<b>Revenue and Expenditure Capacity</b>		
Assessed and Estimated Actual Value of Taxable Property.....	105	10
Property Tax Levies and Collections.....	107	11
Allocation of Property Tax Rates and Levies.....	108	12
Property Tax Rates – Direct and Overlapping Governments.....	109	13
Principal Property Taxpayers.....	111	14



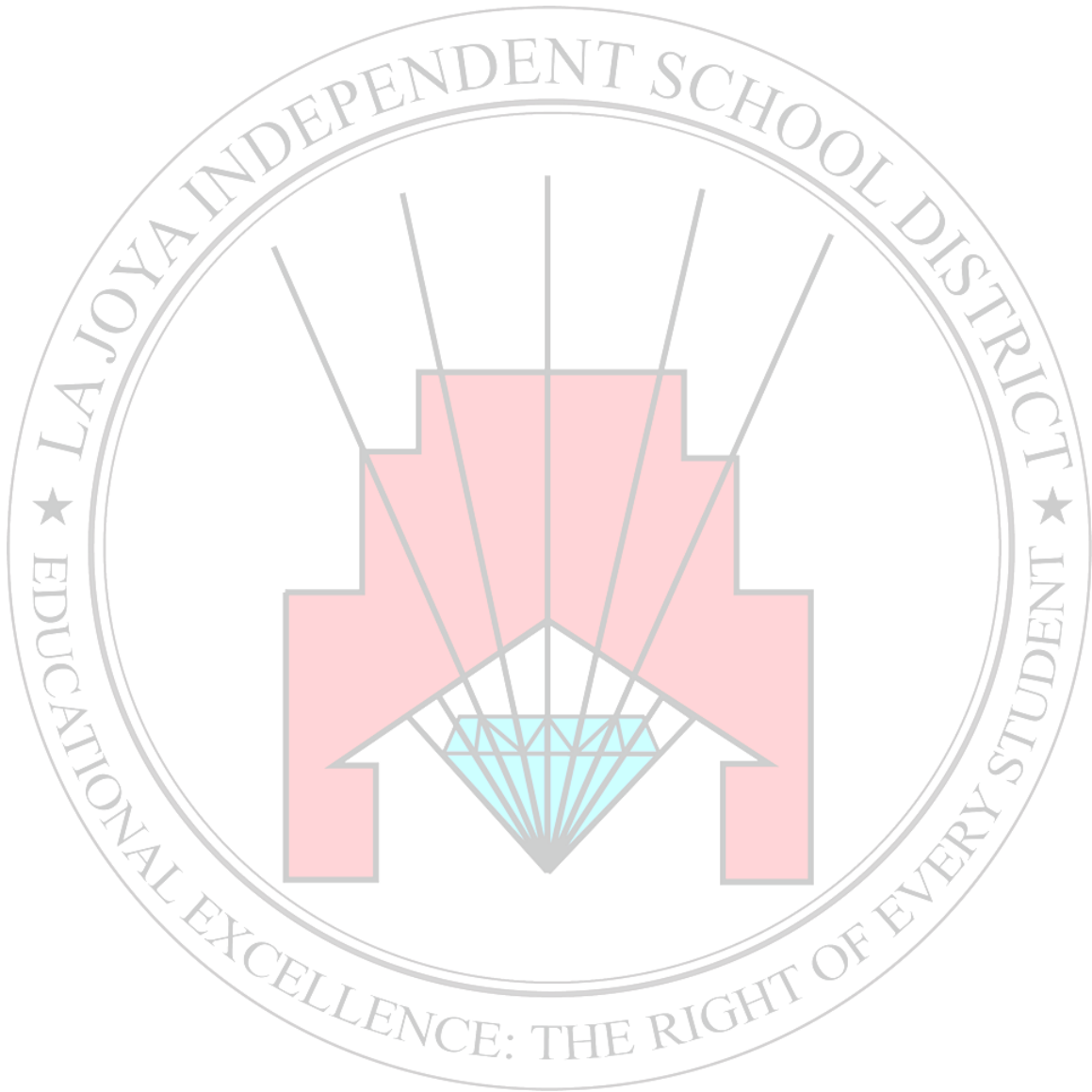
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LA JOYA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2018

TABLE OF CONTENTS (Continued)

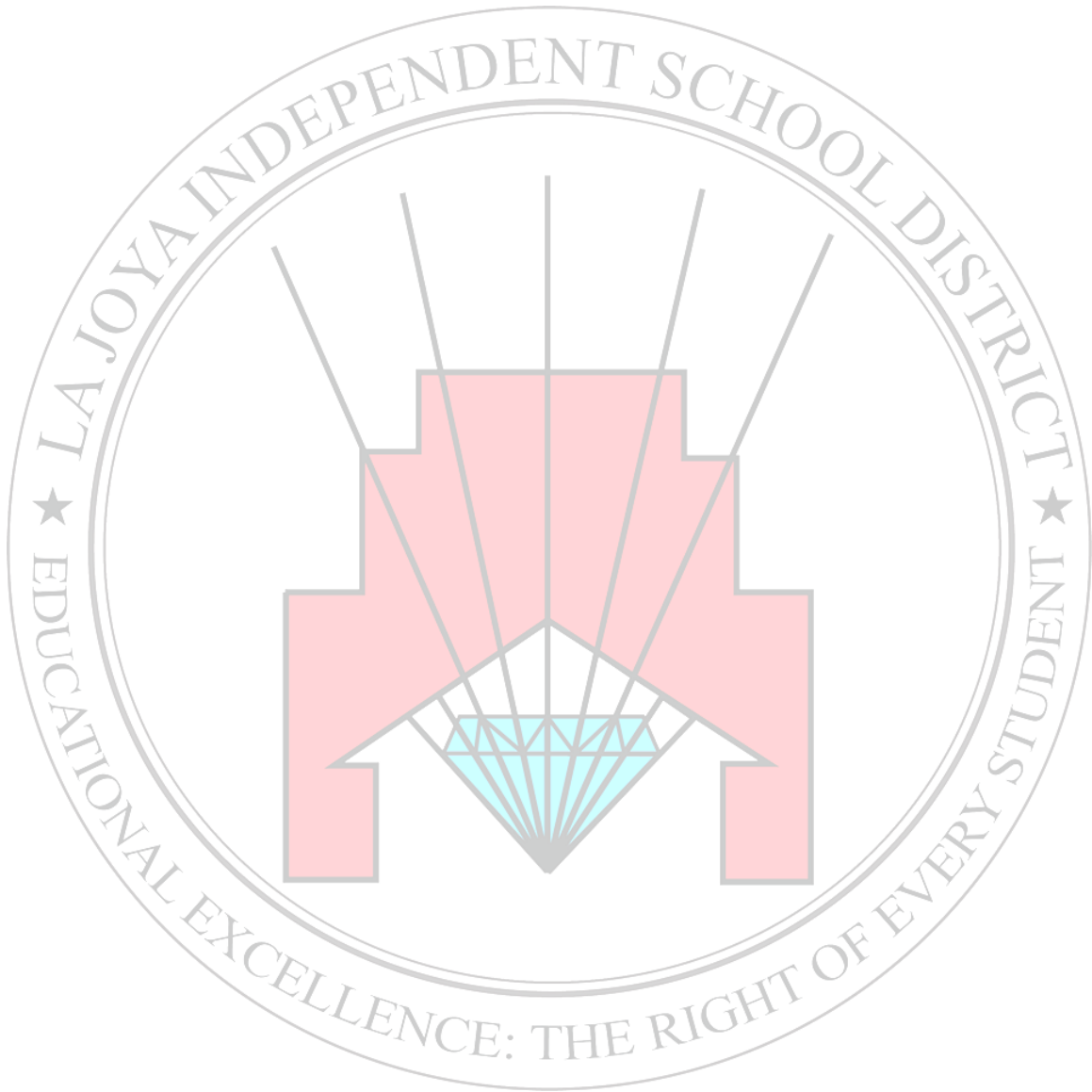
	<u>Page</u>	<u>Exhibit</u>
<b><u>STATISTICAL SECTION (Continued)</u></b>		
<b>Debt Capacity</b>		
Outstanding Debt by Type.....	113	15
Direct and Overlapping Debt General Obligation Bonds.....	115	16
Computation of Legal Debt Margin.....	116	17
Ratio of Net General Obligation Bonded Debt to Estimated Actual Value and per Average Daily Membership.....	118	18
Ratio of Annual Debt Service for General Bonded Debt to Total General Fund Expenditures.....	119	19
<b>Demographic and Economic Information</b>		
Principal Employers.....	120	20
Construction and Personal Property Values.....	121	21
Demographic Information.....	122	22
<b>Operating Information</b>		
Work Force Composition by Employee Classification.....	123	23
Schedule of Teacher Information.....	125	24
Schedule of Attendance and Membership.....	127	25
Operating Statistics.....	128	26
Schedule of Student Information.....	129	27
Schedule of School Buildings.....	130	28
<b><u>FEDERAL AWARDS SECTION</u></b>		
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Governmental Auditing Standards</i> .....	131	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	133	
Schedule of Findings and Questioned Costs.....	135	
Summary Schedule of Prior Audit Findings.....	136	
Schedule of Expenditures of Federal Awards.....	137	K-1
Notes on Accounting Policies for Federal Awards.....	139	
School First Questionnaire.....	140	





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## **INTRODUCTORY SECTION**



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**La Joya**  
**Independent School District**  
**Administration and Finance**  
201 E. Expressway 83  
La Joya, Texas 78560  
Tel (956) 323-2051 Fax (956) 580-5008

**Board of Trustees**  
Armin Garza, *President*  
Claudia Ochoa, *Vice-President*  
Alejandro "Alex" Cantu, *Secretary*  
Oscar "Coach" Salinas, *Member*  
Nereyda Cantu, *Member*  
Esperanza "Espie" Ochoa, *Member*  
Mary T. Hernandez, *Member*

January 14, 2019

Armin Garza, President  
Members of the Board of Trustees  
La Joya Independent School District  
201 East Expressway 83  
La Joya, Texas 78560

Dear Mr. Garza, Members of the Board and Citizens of La Joya ISD:

State law requires that all public school districts publish within one-hundred fifty days of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the La Joya Independent School District (District) for the fiscal year ended August 31, 2018.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statement in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designated to provide, reasonable rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Noel Garza, CPA, PC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended August 31, 2018 are free of material mis-statement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended August 31, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented as a component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designated to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information

related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' reports on the internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in the Federal Awards Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The District, formerly known as Tabasco Independent School District, is a political subdivision of the State of Texas and governed and operating as an independent school district under the laws thereof. The first schools were established during the 1800s to provide educational opportunities for the people living in western Hidalgo County who did not have access to existing educational institutions. One of the first of these schoolhouses was built in Havana in 1849 when citizens from the towns and villages of Abram-Perezville (Ojo de Agua), Penitas, Tabasco (now La Joya), Havana, Los Ebanos and Cuevitas established a place of learning. The District, originally chartered by the State on or about 1926, encompasses 225 square miles in western Hidalgo County, Texas. It is the third largest district in Hidalgo County, Texas.

The District is governed by a seven-member Board of Trustees (Board) composed of District residents, and elected by voters of the district. The Board is responsible for managing and governing the schools of the District, including adopting goals and objectives for District taxes, electing school personnel as recommended by the superintendent, setting salary schedules, adopting District policies and setting directions for curriculum, and reporting to the public on the District's progress. The District's Superintendent of Schools and staff assist the Board with financial and administrative matters and oversee the day-to-day operations of the District.

The District provides a full range of educational services appropriate to levels pre-kindergarten through twelve for its 28,642 students. These include regular and enriched academic education, special education for students with disabilities, occupational education, bilingual instruction for those with limited English proficiency and specialized instruction for disadvantaged students. These basic programs are supplemented by additional offerings in the fine arts and athletics.

For a listing of school buildings, please refer to schedule 28 on page 130. The schedule reflects all campus buildings, year built, age of building, estimated square feet and recommended capacity.

## **District Mission:**

La Joya Independent School District is committed to providing Educational Excellence through rigor, relevance, relationships and personal responsibility. We are the integral part of learning where students become successful and productive contributors to our global society. We embrace, with passion, the commitment to continuous improvement, collaboration and accountability that will allow our students to imprint the world.

## **District Philosophy:**

La Joya Independent School District is dedicated to the belief that in order for all students to attain mastery of the instructional goals, there must be a district-wide commitment to constant renewal according to the most effective practices and procedures in the most current research findings. In order to operationalize this philosophy in the most comprehensive and organized manner, the district has adopted The Quality District Model. The district's Mission Statement, Foundation Beliefs and Desired Exit Behaviors: Student Learner Outcomes, exemplify this philosophy.

### **District Foundation Beliefs:**

The La Joya Independent School District operates from the vision statement that “Educational Excellence is the Right of Every Student.” This position demands that every adult in the organization will act purposefully to create conditions for every student to receive maximum educational services.

Our mission statement is based on a series of foundation beliefs regarding learning and teaching as a reciprocal relationship. These include:

1. We believe all students will learn given sufficient time and appropriate support.
2. We believe schools control all of the variables that influence student success. The task of schools is to alter the learning environment to provide conditions for success.
3. We believe the manner in which students view themselves will have a direct impact on their success. Therefore, one of our most significant roles is to intentionally enhance students’ view of themselves as learners and worthwhile persons.
4. We believe all pupils have unique skills and talents. Our task is to identify them and nurture their development.
5. We believe any artificial grouping, which places pupils in situations where learning expectations and opportunities are automatically limited, is not acceptable.
6. We believe all pupils can acquire critical learning skills and understand at higher cognitive levels.
7. We believe students proficient in a language other than English are empowered through their first language.
8. We believe the role of the teacher is that of advocate. All adversarial relationships need to be eliminated.
9. We believe students will be more successful when learning experiences are relevant.
10. We believe all of our professional behaviors need to be intentionally aligned with the most recent research regarding teaching, learning and individual behavior.
11. We believe the learning process is an open experience with no mysteries or surprises. The curriculum, the teaching process, and the assessment will be clear to students at all times.
12. We believe a pupil’s rate of learning does not determine the success of the learner.
13. We believe all students should be provided all skills necessary to graduate college, career and workforce ready.
14. We believe state of the art technology should be integrated into the lives of students to enhance their learning and prepare them for the 21<sup>st</sup> Century.
15. We believe our role is to instill in students the values of hard work, honesty, commitment to excellence, courage, self-discipline and perseverance.
16. We believe educators should equip and empower families to help support their children and ensure their success in school and in life.

### **District Purpose:**

1. All students will successfully master the essential basic skills.
2. All students will exit as self-directed learners.
3. All students will learn how to learn.
4. All students will leave with their self-esteem intact.
5. All students will graduate college, career, and/or work force ready.

### **Desired Exit Behaviors: Student Learner Outcomes:**

1. **Demonstrate personal qualities such as:**
  - Positive self-esteem
  - Respect for self and others
  - Sociability
  - Self-management
  - Integrity and honesty
  - Civic responsibilities

2. **Demonstrate a high level of personal confidence in English and Spanish proficiency in the four language domains:**
  - Listening
  - Speaking
  - Reading
  - Writing
3. **Demonstrate the essential college and career readiness skills for success in today's global economy which includes:**
  - Creativity and innovation
  - Critical thinking and problem solving
  - Communication and collaboration
4. **Demonstrate life and career skills including:**
  - Flexibility and adaptability
  - Initiative and self-direction
  - Productivity and accountability
  - Leadership and responsibility
5. **Exhibit a range of essential and critical thinking skills through the use of:**
  - Information literacy
  - Media literacy
  - ICT (Information, Communications and Technology) Literacy
6. **Develop and maintain:**
  - Personal safety
  - Healthy lifestyle
  - Physical well-being

## **District Achievements**

For the fiscal year ending August 31, 2017, the District received an ABOVE STANDARD rating on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system. The rating system was established during the 77<sup>th</sup> Legislative session and school districts received the first rating in 2003 for the fiscal year 2001-2002.

The following campuses received the Texas Education Agency's Met Standard and Distinction Designation status for the State of Texas Assessment of Academic Readiness (STAAR) in 2017-2018.

### **CAMPUS**

**La Joya ISD**

**La Joya High School**

**Juarez-Lincoln High School**

**La Joya Palmview High School**

**Jimmy Carter Early College HS**

### **ACHIEVEMENT**

**B**

**Met Standard**

Academic Achievement in Mathematics

Top 25 Percent: Comparative Closing the Gaps

**Met Standard**

Academic Achievement in ELA/Reading

**Met Standard**

**Met Standard**

Top 25 Percent: Comparative Academic Growth

Top 25 Percent: Comparative Closing the Gaps

Post-Secondary Readiness

**STEM Early College HS**

**Met Standard**

Academic Achievement in Mathematics  
Top 25 Percent: Comparative Academic Growth  
Post-Secondary Readiness

**Zavala Middle School**

**Met Standard**

Academic Achievement in Science  
Top 25 Percent: Comparative Academic Growth  
Top 25 Percent: Comparative Closing the Gaps

**Chavez Middle School**

**Met Standard**

Academic Achievement in ELA/Reading  
Academic Achievement in Mathematics  
Academic Achievement in Science  
Academic Achievement in Social Studies  
Top 25 Percent: Comparative Academic Growth  
Top 25 Percent: Comparative Closing the Gaps  
Post-Secondary Readiness

**Saenz Middle School**

**Met Standard**

**Memorial Middle School**

**Met Standard**

Academic Achievement in ELA/Reading  
Academic Achievement in Mathematics  
Academic Achievement in Social Studies  
Top 25 Percent: Comparative Academic Growth  
Top 25 Percent: Comparative Closing the Gaps  
Post-Secondary Readiness

**Richards Middle School**

**Met Standard**

Academic Achievement in ELA/Reading  
Academic Achievement in Mathematics  
Academic Achievement in Science  
Academic Achievement in Social Studies  
Top 25 Percent: Comparative Academic Growth  
Top 25 Percent: Comparative Closing the Gaps  
Post-Secondary Readiness

**Garcia Middle School**

**Met Standard**

Academic Achievement in ELA/Reading  
Academic Achievement in Mathematics  
Academic Achievement in Social Studies  
Top 25 Percent: Comparative Academic Growth  
Top 25 Percent: Comparative Closing the Gaps  
Post-Secondary Readiness

**Salinas Middle School**

**Met Standard**

Academic Achievement in Mathematics  
Academic Achievement in Social Studies  
Top 25 Percent: Comparative Academic Growth  
Top 25 Percent: Comparative Closing the Gaps

**Trevino Middle School**

**Met Standard**

Academic Achievement in Science

**JFK Elementary**

**Met Standard**

Academic Achievement in ELA/Reading  
Academic Achievement in Mathematics  
Academic Achievement in Science  
Top 25 Percent: Comparative Academic Growth  
Top 25 Percent: Comparative Closing the Gaps  
Post-Secondary Readiness

**Flores Elementary**

**Met Standard**

**Benavides Elementary**

**Met Standard**

**Leo Elementary**

**Met Standard**

Top 25 Percent: Comparative Closing the Gaps  
Post-Secondary Readiness

**De La Garza Elementary**

**Met Standard**

Top 25 Percent: Comparative closing the Gaps  
Post-Secondary Readiness

**Reyna Elementary**

**Met Standard**

Academic Achievement in ELA/Reading  
Top 25 Percent: Comparative Closing the Gaps  
Post-Secondary Readiness

**Chapa Elementary**

**Met Standard**

Academic Achievement in ELA/Reading  
Academic Achievement in Mathematics  
Academic Achievement in Science  
Top 25 Percent: Comparative Academic Growth  
Top 25 Percent: Comparative Closing the Gaps  
Post-Secondary Readiness

**Escandon Elementary**

**Met Standard**

Academic Achievement in ELA/Reading  
Academic Achievement in Mathematics  
Top 25 Percent: Comparative Closing the Gaps  
Post-Secondary Readiness

**Diaz-Villarreal Elementary**

**Met Standard**

Academic Achievement in Mathematics

**Cavazos Elementary**

**Met Standard**

**Tabasco Elementary**

**Met Standard**

Academic Achievement in ELA/Reading  
Academic Achievement in Mathematics  
Academic Achievement in Science  
Top 25 Percent: Comparative Closing the Gaps  
Post-Secondary Readiness

**Perez Elementary**

**Met Standard**

**Gonzalez Elementary**

**Met Standard**

Academic Achievement in ELA/Reading  
Academic Achievement in Science

**Bentsen Elementary**

**Met Standard**

Academic Achievement in ELA/Reading  
Academic Achievement in Mathematics  
Academic Achievement in Science  
Top 25 Percent: Comparative Closing the Gaps  
Post-Secondary Readiness



**Fordyce Elementary****Met Standard**

Academic Achievement in Science

**Zapata Elementary****Met Standard****Seguin Elementary****Met Standard****Camarena Elementary****Met Standard**

Academic Achievement in ELA/Reading

Academic Achievement in Mathematics

Academic Achievement in Science

Top 25 Percent: Comparative Closing the Gaps

Post-Secondary Readiness

**Paredes Elementary****Met Standard**

Academic Achievement in ELA/Reading

Academic Achievement in Mathematics

Top 25 Percent: Comparative Academic Growth

Top 25 Percent: Comparative Closing the Gaps

Post-Secondary Readiness

**Clinton Elementary****Met Standard**

Academic Achievement in ELA/Reading

Academic Achievement in Science

Top 25 Percent: Comparative Academic Growth

Top 25 Percent: Comparative Closing the Gaps

Post-Secondary Readiness

**Pena Elementary****Met Standard**

Top 25 Percent: Comparative Academic Growth

**Garza Elementary****Met Standard****Mendiola Elementary****Met Standard**

Academic Achievement in ELA/Reading

Top 25 Percent: Comparative Closing the Gaps

**Budgetary Controls**

The annual budget serves as the foundation for the District's financial planning and control. The District's fiscal year begins September 1<sup>st</sup> and ends August 31<sup>st</sup>. The budget is initially prepared under the direction of the Superintendent. The Board reviews the budget during workshops conducted from May through August. The final budget is required by state law to be adopted by August 31<sup>st</sup>. The District maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board.

Activities of the General Fund, the Debt Service Fund, and the Child Nutrition Program Fund (which) is included in the General Fund, are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major functional category.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented in Exhibit C-5 on page 17. For the Child Nutrition Program and Debt Service Fund, these comparisons are presented in Exhibits J-2 and J-3 on pages 84 and 85, respectively, as required TEA schedules.

**Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

The La Joya Independent School District, located in the western portion of Hidalgo County, Texas consist of more than 225 square miles stretching west of Mission (small portions of Mission are in the LJISD boundaries) to

Sullivan City, including the smaller communities of La Joya, Palmview, and Penitas. Boundaries extend from the United States border formed by the Rio Grande River to the 14-mile (21 km) line near McCook.

Demographic information as per the 2010 U.S. Census and the 2012-2016 American Community Survey 5 year estimates for the cities of La Joya, Palmview, Penitas, and Sullivan City is listed below. (*Source: U.S. Census American Factfinder*)

#### **City of La Joya**

Population	4,209
Male	53.9%
Female	46.1%
Median Age	28.6
Under 5 years	9.5%
18 years and over	60.8%
65 years and over	7.4%
Population by Race	
White	96.6%
Black or African American	0%
American Indian	.1%
Asian	0%
Pacific Islander	0%
Other	3.1%
From two or more races	.2%
Hispanics or Latino of any race makes up 99.4% of the population	
Median household income	\$32,216
Median family income	\$47,169
Average household size 3.53; average family size 3.87	

#### **City of Palmview**

Population	5,644
Male	48.7%
Female	51.3%
Median Age	31.9
Under 5 years	6.8%
18 years and over	69.9%
65 years and over	8.2%
Population by Race	
White	96.3%
Black or African American	0%
American Indian	0%
Asian	0%
Pacific Islander	0%
Other	3.7%
From two or more races	0%
Hispanics or Latino of any race makes up 97.5% of the population	
Median household income	\$35,582
Median family income	\$39,107
Average household size 3.89; average family size 4.13	

#### **City of Penitas**

Population	4,728
Male	49.5%
Female	50.5%
Median Age	26.7
Under 5 years	11.1%
18 years and over	61.4%



**City of Penitas (Continued)**

65 years and over	8.9%
Population by Race	
White	94.7%
Black or African American	0%
American Indian	.0%
Asian	0%
Pacific Islander	0%
Other	5.3%
From two or more races	.0%
Hispanics or Latino of any race makes up 99.3% of the population	
Median household income	\$38,789
Median family income	\$37,034
Average household size 4.07; average family size 4.28	

**City of Sullivan City**

Population	4,140
Male	42.3%
Female	57.7%
Median Age	31.7
Under 5 years	12.7%
18 years and over	68.1%
65 years and over	12.9%
Population by Race	
White	96.4%
Black or African American	0%
American Indian	0%
Asian	0%
Pacific Islander	0%
Other	3.6%
From two or more races	0%
Hispanics or Latino of any race makes up 98.3% of the population	
Median household income	\$26,148
Median family income	\$28,603
Average household size 3.78; average family size 4.04	

**Local Economy** – Education, law enforcement, governmental agencies, agriculture and farming form the basis of the district's economy. The area is economically depressed and no significant change is expected anytime soon.

Certified taxable values for the 2018-2019 fiscal year increased by approximately \$247 million from the 2.311 billion to \$2.558 billion.

The District is dependent on state and federal aid to continue its operations. The 2017-2018 District Operations were funded with 89.02% of its revenues coming from state and federal sources. The 2018-2019 District Operating Budget is also estimated to receive 90.20% of its revenues from state and federal sources.

**Financial Policies** – The size of our school districts mandates that we monitor our financial resources continuously. Our revenues are driven by student enrollment and tax collections which in turn determine our state funding. Our students' academic achievement drives the District's planning process along with the commitment of the complete management team to provide the best education available. Protocols are in place to monitor both our student enrollment and tax collections. The District does not implement or has use of any component units in its organization.

**Long-term Financial Planning** – The District continues to maintain a healthy General Fund Balance. The District has maintained the fund balance to ensure that needed resources are available when required to meet unexpected

revenue shortfalls and one-time expenditures that may exceed the annual available resources. The District's General Fund fund balance decreased by \$20,019,048 this fiscal year. Most of the decrease was due to completion of the La Joya ISD Sports and Learning Complex, near completion of the District's LED Lighting Project and other construction/renovation projects which were finalized.

The financial condition at the state level has improved, therefore, our District is not feeling any financial burdens from state resources. Even-though we have not received any major cuts, we must continue to monitor the activities at the state and federal level. We, as a district, depend on state and federal dollars for our budget and because of this, it warrants that we keep a watchful eye on their financial decisions. As we enter a new legislative session, there are communications that the funding formulas for public education will be revisited. Most of the financial models presented, have had an adverse effect on funding for most of the school districts in our region. The impact will not be determined until the end of the legislative session which should occur in May of 2019. Because of this, we must be prepared and always ready.

Approximately seventy nine percent of the District's General Fund budget are payroll costs. Because of the funding uncertainty at the state level, we must ensure that we allocate and hire staff prudently. The financial impact of the models presented, necessitate that we implement the staffing recommendations provided to us by the Texas Association of School Boards. Staffing decisions will be critical in implementing an efficient and effective staffing program.

La Joya ISD's rapid growth in student enrollment and Student Average Daily Attendance (ADA) has slowed down. Between the 2002 and 2007 fiscal years, La Joya ISD's ADA grew by well over 1,000 per year. Between the 2008 and 2017 fiscal years, ADA grew by an average of 321. The District's peak enrollment decreased by 759 students in school year 2017-2018, consequently the districts ADA decreased by 461 compared to the prior year. Because the growth in terms of ADA has slowed down, we have taken a very conservative approach in our projection for next year. The district did not project any growth for the 2018-2019 school year. Our student enrollment will be consistently monitored during this fiscal year and adjustments made as necessary. Projected membership for school year 2018-2019 is expected to peak at 28,600 and we anticipate our ADA to be 26,149.

Another major factor affecting our Average Daily Attendance is the rising competition from charter schools. It is estimated that La Joya ISD has lost over 1000 students to charter schools. There is also a concern that another charter school campus will be opening its doors in the 2020-2021 school year.

The District's Maintenance and Operations tax rate for tax year 2018 (Fiscal Year 2018-2019) is \$1.17 per \$100 valuation. Our revenues from State and Federal sources for the General Fund were 89.91% and are estimated to remain the same over the next year. Federal funding is expected to decrease slightly due to less availability of federal program funding. Grant funding plays an important role as a resource to supplement regular funding and to expand programs needed for greater academic achievement.

**Interest Rates** –The District's average rate of return for its investments is 1.57% for fiscal year 2017-2018 compared to .75% in 2016-2017. This rate is expected to have a minimal increase for the 2018-2019 school year.

**Awards** – The District received the Association of School Business Officials Certificate of Excellence in Financial Reporting for the fiscal year ended August 31, 2017. This is the eighth year the La Joya Independent School District receives the award.

The District received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended August 31, 2017. This is the seventh year the La Joya Independent School District receives this award.

The District received the Government Finance Officers Association Award for Outstanding Achievement in Popular Annual Financial Reporting for the fiscal year ending August 31, 2017. This is the seventh year the La Joya Independent School District receives this award.

The Purchasing Department has been recognized previously for their excellent work. In the 2017-2018 fiscal year, the Purchasing Department received the Award of Merit for Purchasing and Operations with Recognized Distinction from the Texas Association of School Business Officials. This is the ninth time they have received such award.

The Purchasing Department earned national recognition in fiscal year 2017-2018. The National Procurement Institute recognized our Purchasing Department with the Achievement of Excellence in Procurement Award. This is the fifth time they have received such award.

**Acknowledgements** – The preparation of this Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Administration and Finance Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report. We would also like to acknowledge our independent auditors, Noel Garza CPA, PC, for their role in providing professional guidance and assistance in the preparation of this report.

Finally, without the interest, leadership and support of the Board of Trustees, preparation of this report would not have been possible.

Respectfully submitted,

\*\*\* SIGNATURES ON FILE \*\*\*

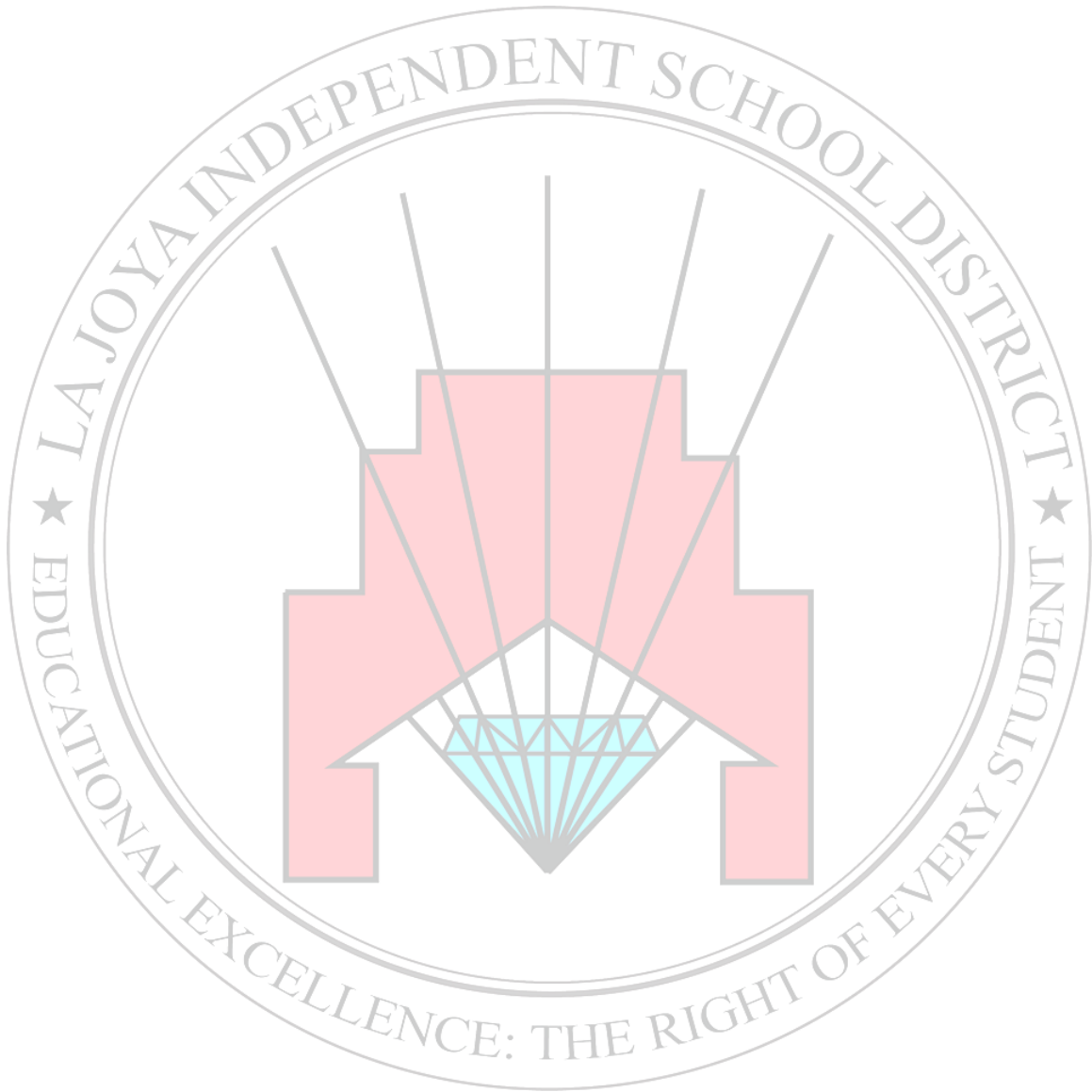
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Dr. Alda T. Benavides  
Superintendent of Schools

\*\*\* SIGNATURES ON FILE \*\*\*

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Alfredo Andres Vela  
Assistant Superintendent for Administration and  
Finance



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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

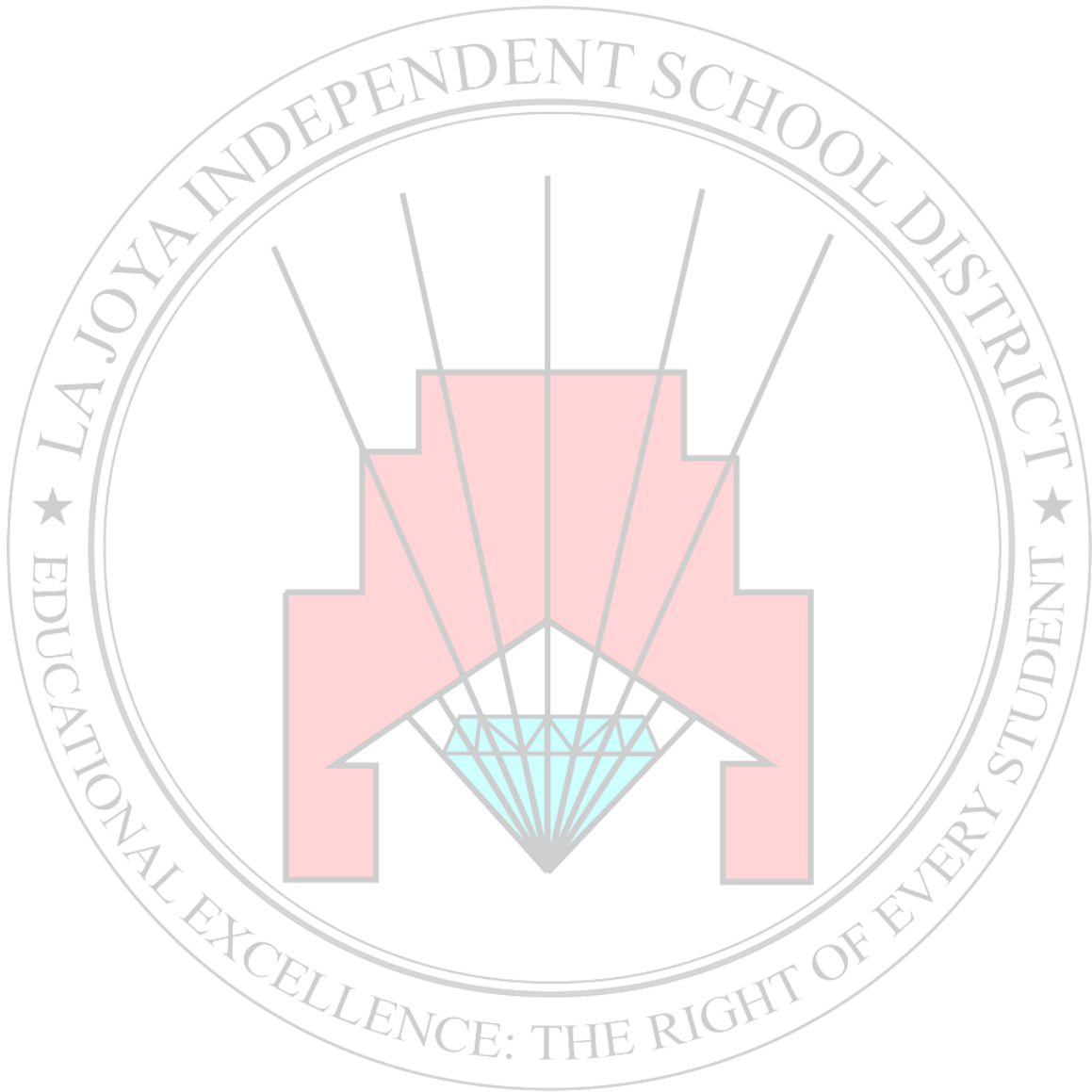
**La Joya Independent School District  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**August 31, 2017**

*Christopher P. Morrell*

Executive Director/CEO



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ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting  
is presented to**

**La Joya Independent School District**

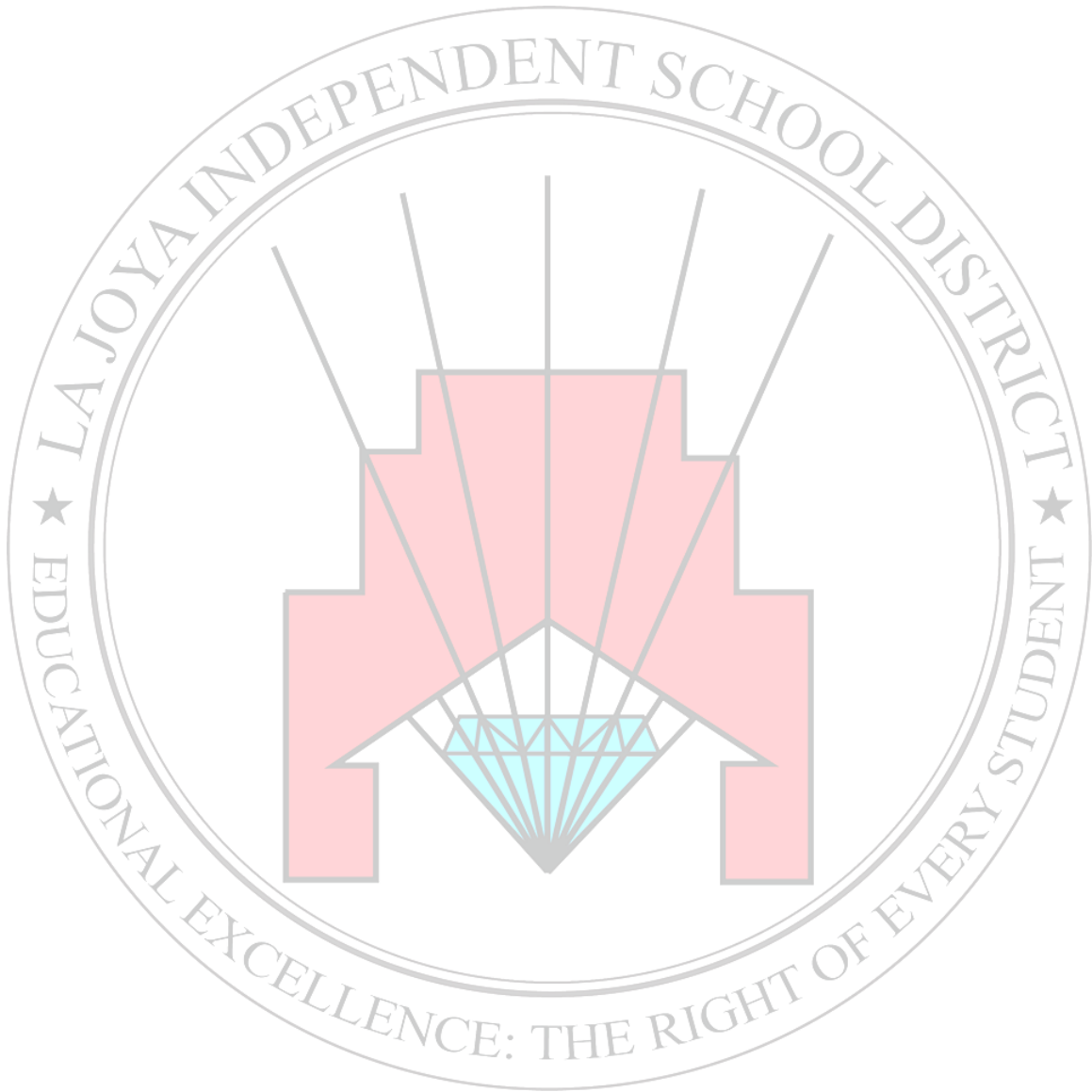
**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended August 31, 2017.**

The CAFR has been reviewed and met or exceeded  
ASBO International's Certificate of Excellence standards.



Charles E. Peterson, Jr., SFO, RSBA, MBA  
President

John D. Musso, CAE  
Executive Director



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# LA JOYA INDEPENDENT SCHOOL DISTRICT

La Joya, Texas

August 31, 2018

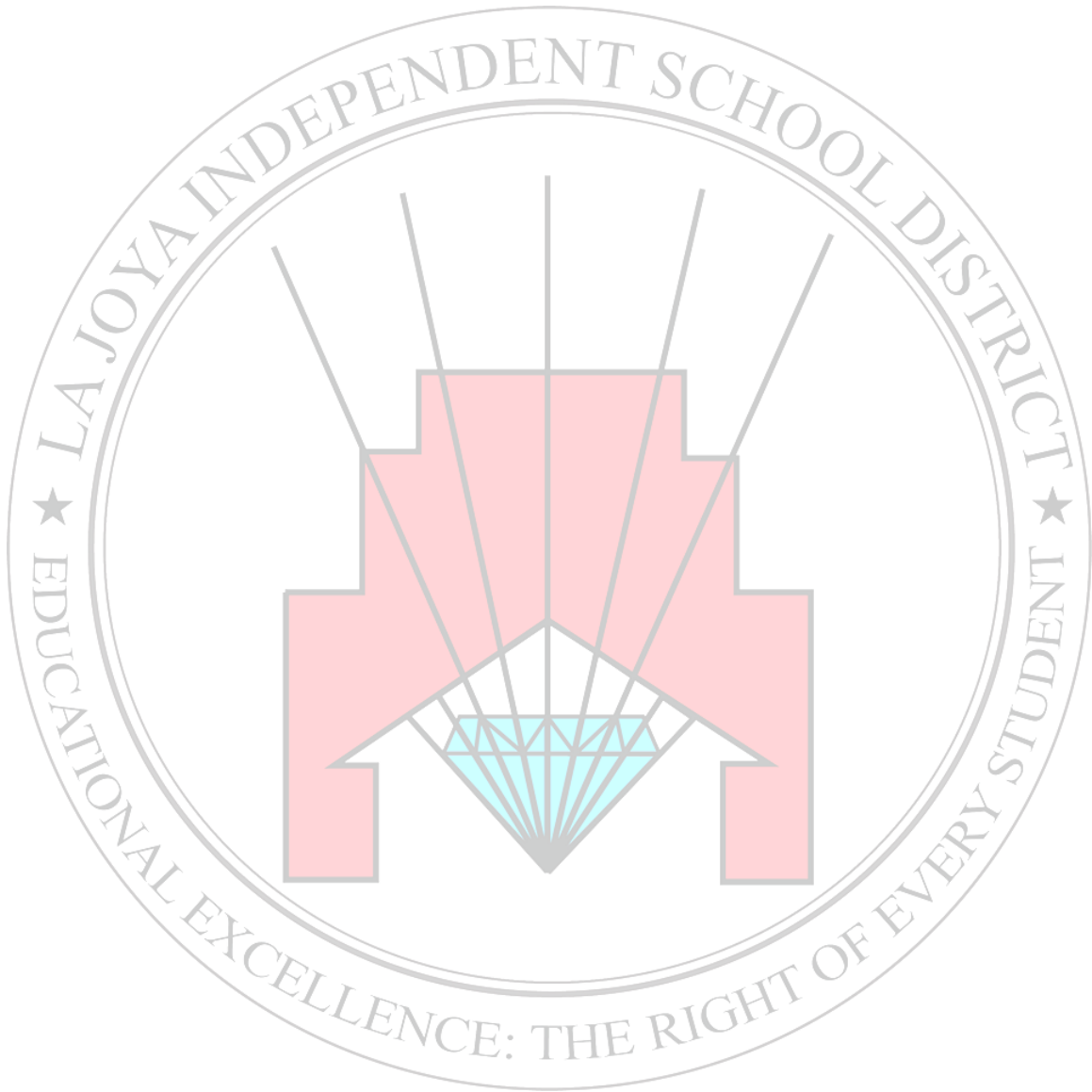
## LIST OF PRINCIPAL OFFICIALS

### BOARD OF TRUSTEES

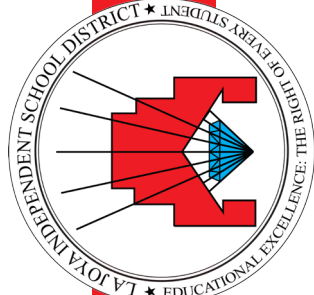
Armin Garza	President
Claudia Ochoa	Vice-President
Alejandro “Alex” Cantu	Secretary
Oscar “Coach” Salinas	Member
Nereyda Cantu	Member
Esperanza “Espie” Ochoa	Member
Mary T. Hernandez	Member

### ADMINISTRATORS

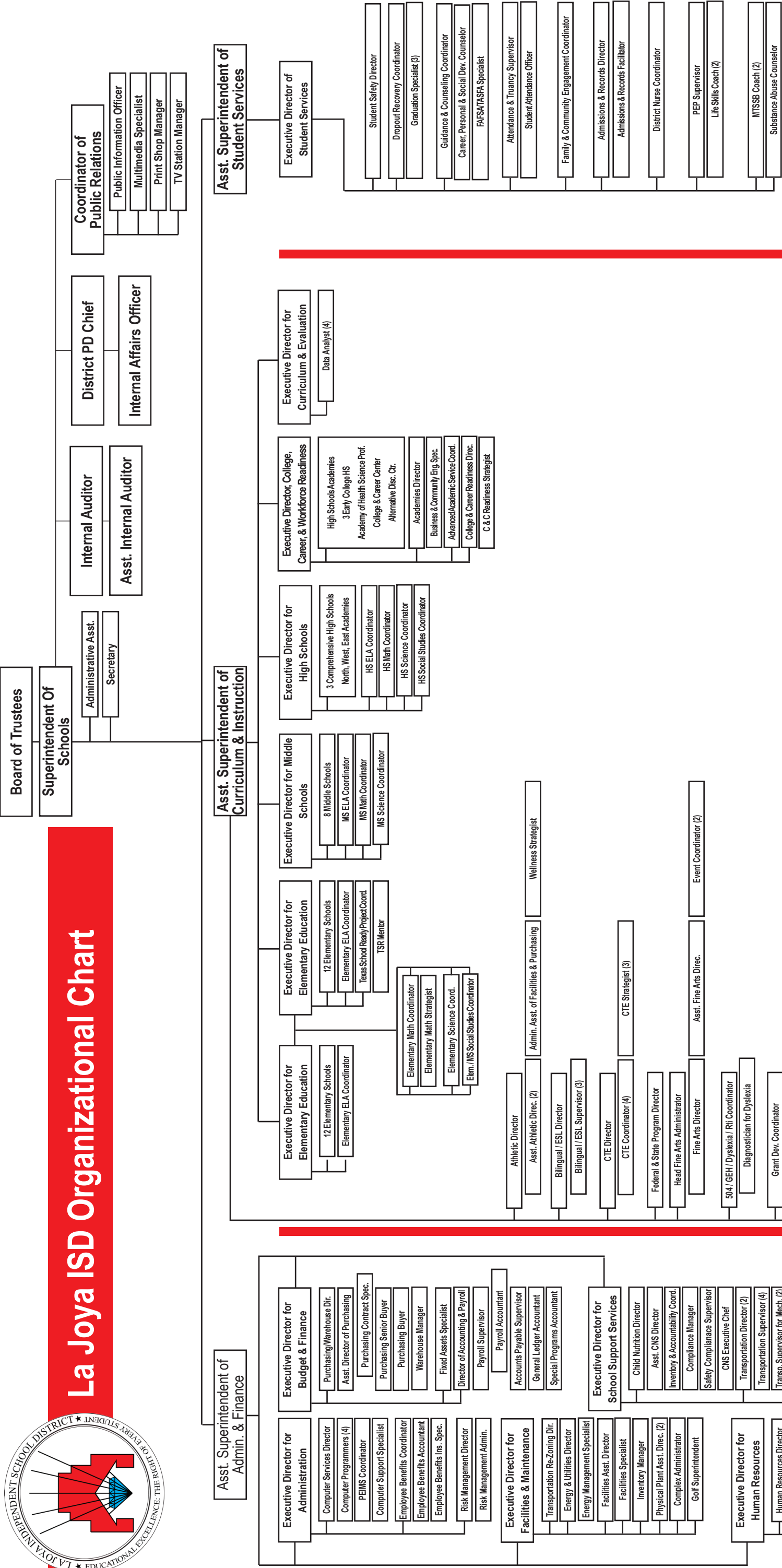
Dr. Alda T. Benavides	Superintendent
Dr. Gisela Saenz	Assistant Superintendent, Curriculum and Instruction
Alfredo Andres Vela	Assistant Superintendent, Administration and Finance
Ricardo Villarreal	Assistant Superintendent, Student Services
Dr. Anysia Trevino	Assistant Superintendent, Human Resources
Jose Luis Morin	Assistant Superintendent, Operations

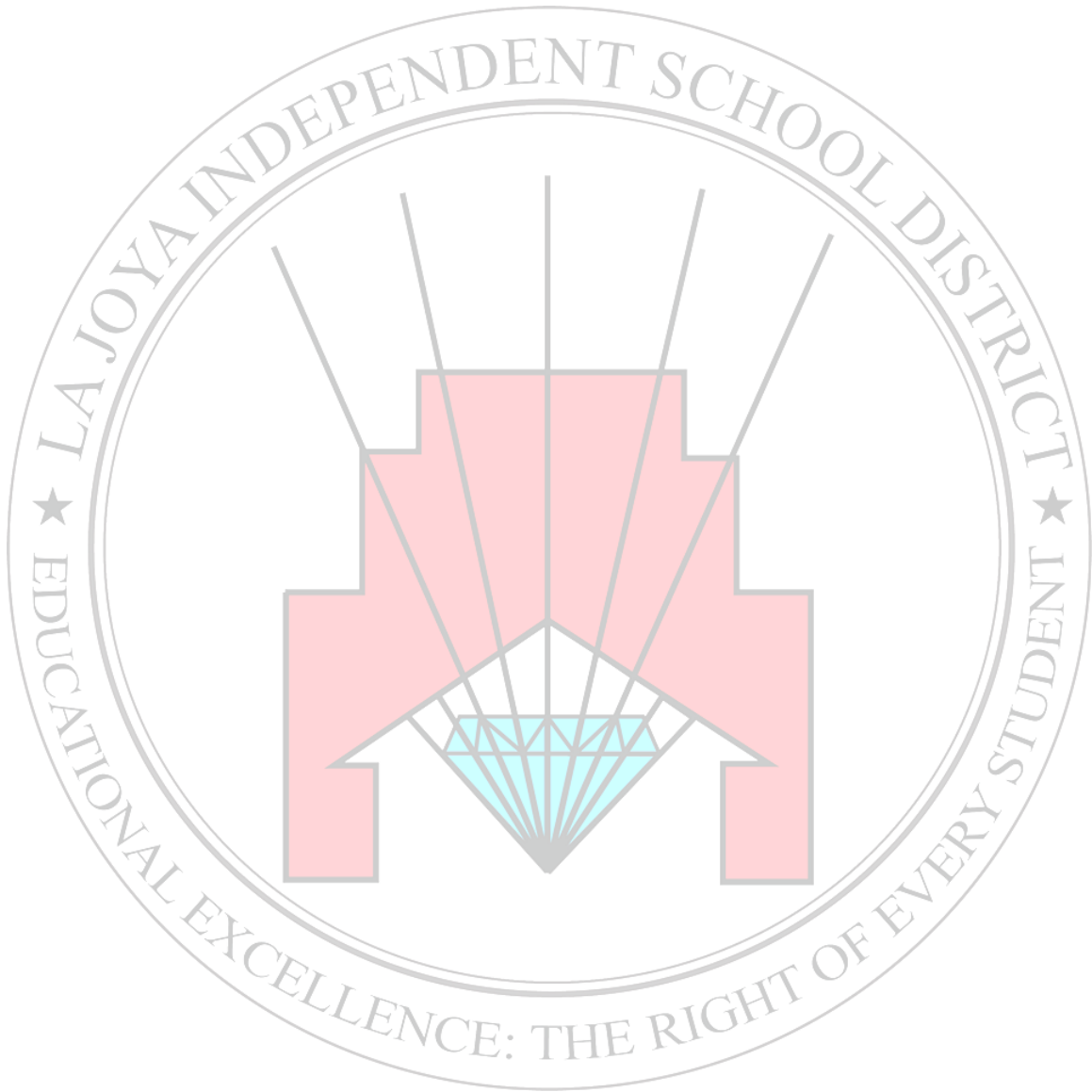


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# La Joya ISD Organizational Chart





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CERTIFICATE OF BOARD

La Joya Independent School District  
Name of School District

Hidalgo  
County

108912  
Co.-Dist. Number

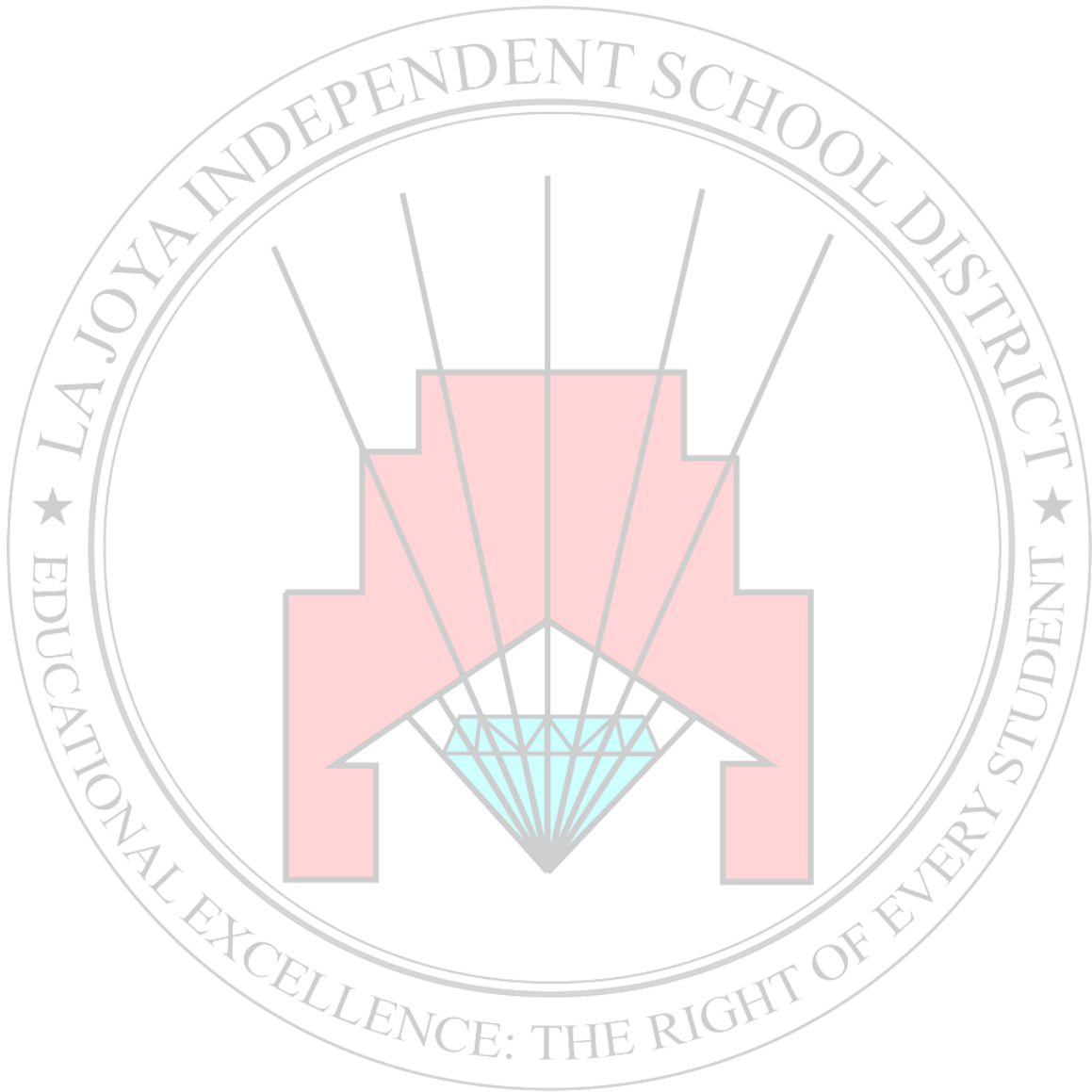
We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)   X   approved        disapproved for the year ended August 31, 2018 at a meeting of the Board of Trustees of such school district on the 14th day of January, 2019.

\*\*\* SIGNATURES ON FILE\*\*\*

\_\_\_\_\_  
Signature of Board Secretary

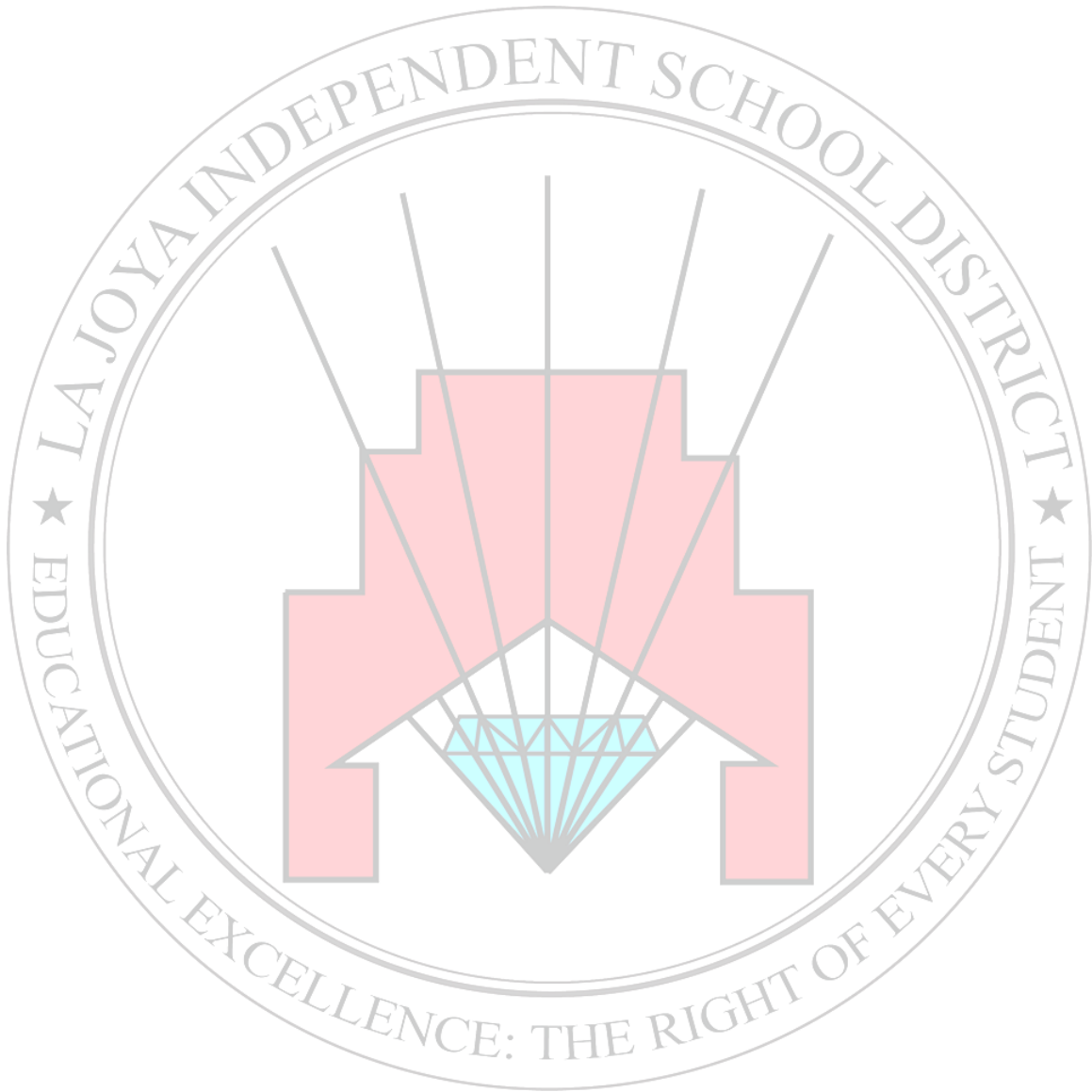
\*\*\* SIGNATURES ON FILE \*\*\*

\_\_\_\_\_  
Signature of Board President



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## **FINANCIAL SECTION**



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# Noel Garza, CPA, PC

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Certified Public Accountant

2111 Jackson Creek Ave.

Edinburg, TX 78539

956-393-8743

## INDEPENDENT AUDITOR'S REPORT

To the President and Members of the School Board  
La Joya Independent School District  
La Joya, TX

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the La Joya Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the La Joya Independent School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the La Joya Independent School District, as of August 31, 2018, and the respective changes in financial position, the budgetary comparison for the general fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note I and Notes 12-13 to the financial statements, the District adopted the provisions of Government Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as of August 31, 2018. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-9 and pension information and other-post employment benefit information on pages 60-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the La Joya Independent School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for that portion marked "Unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other supplementary information and the schedule of expenditures of federal awards, except for that portion marked "Unaudited" on which we express no opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2019, on our consideration of the La Joya Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the La Joya Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the La Joya Independent School District's internal control over financial reporting and compliance.

*Noel Garza CPA, P.C.*

Noel Garza, CPA PC  
Edinburg, TX  
January 14, 2019

## Management's Discussion and Analysis LA JOYA INDEPENDENT SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the La Joya Independent School District's Comprehensive Annual Financial Report, we, the managers of LA JOYA ISD, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2018. Please read it in conjunction with the independent auditors' report on page 1, and the District's Basic Financial Statements which begin on page 10 and the Notes to the Financial Statements beginning on page 22.

#### FINANCIAL HIGHLIGHTS

- The District's governmental's activities net position increased by \$29,677,403 as reflected on Table II page 7. The primary government had an increase in net position in the amount of \$29,807,457 with a prior period adjustment that resulted in a decrease in the amount of \$219,882,565 from last year's total of \$208,138,005 as reflected on Exhibit B-1 pages 11-12. The prior period adjustment is mostly attributed to the implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. (Refer to Note 13 for a complete detail of GASB Statement No. 75 implementation and Note 23 for a detail of the prior period adjustment.)
- As reflected on Exhibit C-3, the District had expenditures that were \$23,846,921 more than the \$341,710,547 generated in tax and other revenues for governmental programs. This amount is comprised of a deficit of \$14,086,909 in the General Fund, \$9,757,355 in the Debt Service Fund, and \$2,657 in Nonmajor Governmental Funds. This compares to last year when expenditures were \$34,593,085 more than the \$337,102,293 in revenues.
- The General Fund ended the year with a fund balance of \$73,116,795, as reflected on Exhibit C-1.
- The District realized a \$28,174,128 expenditure budget variance comparing the final budget to actual amounts reflected on Exhibit C-5. Refer to the transmittal letter and budget analysis section for further disclosure.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities on pages 10 - 12. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (beginning on page 13) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, the fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure about the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by the Texas Education Agency (TEA). The sections labeled Required TEA Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

## **Reporting the District as a Whole**

### ***The Statement of Net Position and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current year or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the district reports on two types of activities:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities—The District charges fees to customers to help cover the costs of certain services it provides. The Howling Trails Golf Course and the La Joya ISD Sports & Learning Complex are included here.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements begin on page 13 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the Elementary and Secondary Education Act from the U.S. Department of Education. The

District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

- Governmental funds – Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- Proprietary funds – The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The District's enterprise fund consists of the Howling Trails Golf Course and the La Joya ISD Sports & Learning Complex. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs and the print shop.

## **The District as Trustee**

### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for monies raised by third parties. All of the District's fiduciary activities are reported in the Statement of Fiduciary Assets and Liabilities on page 21 and a combining statement beginning on page 78 thru 81. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities decreased from \$208,005,384 to \$17,800,222. This decrease is attributed to a prior period adjustment in the amount of \$219,882,565, mostly as a result of the implementation of GASB No. 75, (refer to Note 23). The net position before the prior period adjustments increased by \$29,677,403.

Most of the decrease was due to the completion of the La Joya ISD Sports and Learning Complex, and near completion of the District's LED lighting project, and other construction/renovation projects which were finalized. Unrestricted assets – the part of the assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were (\$141,461,525), attributed to this result was due to the implementation of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (Refer to Note 13).

In 2018, the change in net position of the primary government increased by \$29,807,457, which includes an increase of \$130,054 for the business-type activities.

Table I  
LA JOYA INDEPENDENT SCHOOL DISTRICT  
NET POSITION

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Current and Other Assets	120,481,557	149,195,351	108,813	31,917
Capital Assets	<u>414,154,772</u>	<u>416,257,547</u>	<u>262,675</u>	<u>132,621</u>
<b>Total Assets</b>	<b><u>534,636,329</u></b>	<b><u>565,452,898</u></b>	<b><u>371,488</u></b>	<b><u>164,538</u></b>
Deferred Outflow of Resources	<u>37,245,450</u>	<u>40,276,100</u>	=	=
Long-term Liabilities	466,714,351	362,343,174	-	-
Other Liabilities	<u>24,159,878</u>	<u>31,159,285</u>	<u>108,813</u>	<u>31,917</u>
<b>Total Liabilities</b>	<b><u>490,874,229</u></b>	<b><u>393,502,459</u></b>	<b><u>108,813</u></b>	<b><u>31,917</u></b>
Deferred Inflow of Resources	<u>63,207,328</u>	<u>4,221,155</u>	=	=
Net Position:				
Net Investment of Capital Assets	153,691,771	145,026,207	262,675	132,621
Restricted - Federal & State Programs	5,569,976	6,584,386	-	-
Unrestricted	<u>(141,461,525)</u>	<u>56,394,791</u>	=	=
<b>Total Net Position</b>	<b><u>17,800,222</u></b>	<b><u>208,005,384</u></b>	<b><u>262,675</u></b>	<b><u>132,621</u></b>

TABLE II  
LA JOYA INDEPENDENT SCHOOL DISTRICT  
CHANGES IN NET POSITION

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b><u>REVENUES</u></b>				
<b>Program Revenues:</b>				
Charges for Services	2,144,017	2,094,978	759,103	530,839
Operating Grants & Contributions	<u>16,649,686</u>	<u>63,762,058</u>	=	=
<b>Total Program Revenues</b>	<b><u>18,793,703</u></b>	<b><u>65,857,036</u></b>	<b><u>759,103</u></b>	<b><u>530,839</u></b>
<b>General Revenues:</b>				
Maintenance & Operations Taxes	26,271,354	25,532,141	-	-
Debt Service Taxes	3,160,760	3,075,668	-	-
Grants and Contributions not Restricted	235,153,528	241,062,100	-	-
Investment Earnings	1,458,681	981,356	421	84
Miscellaneous	<u>3,493,818</u>	<u>3,720,009</u>	=	=
<b>Total General Revenues</b>	<b><u>269,538,141</u></b>	<b><u>274,371,274</u></b>	<b><u>421</u></b>	<b><u>84</u></b>
<b>Total Revenues</b>	<b><u>288,331,844</u></b>	<b><u>340,228,310</u></b>	<b><u>759,524</u></b>	<b><u>530,923</u></b>
<b><u>EXPENSES</u></b>				
Instruction, Curriculum, & Media Services	133,212,246	194,530,133	-	-
Instructional/School Leadership	16,819,558	25,931,667	-	-
Guidance, Social Work, Health, & Transportation	22,441,861	32,220,811	-	-
Food Services	19,241,821	23,362,868	-	-
Co-Curricular Activities	11,130,435	12,585,419	-	-
General Administration	7,845,744	14,822,513	-	-
Plant Maintenance, Security, & Data Processing	36,214,842	38,980,405	-	-
Community Services	784,329	1,483,163	1,311,064	724,740
Debt Service	10,009,474	14,439,240	-	-
Other Activities	<u>272,537</u>	<u>272,321</u>	=	=
<b>Total Expenses</b>	<b><u>257,972,847</u></b>	<b><u>358,628,540</u></b>	<b><u>1,311,064</u></b>	<b><u>724,740</u></b>
Increase/(Decrease) in net position before transfers	30,358,997	(18,400,230)	(551,540)	(193,817)
Transfers	<u>(681,594)</u>	<u>(198,466)</u>	<u>681,594</u>	<u>198,466</u>
<b>Total Increase(Decrease) in Net Position</b>	<b><u>29,677,403</u></b>	<b><u>(18,598,696)</u></b>	<b><u>130,054</u></b>	<b><u>4,649</u></b>
Net Position at 9/01	208,005,384	225,586,775	132,621	127,972
Prior Period Adjustments	<u>(219,882,565)</u>	<u>1,017,305</u>	=	=
<b>Net Position at 8/31</b>	<b><u>17,800,222</u></b>	<b><u>208,005,384</u></b>	<b><u>262,675</u></b>	<b><u>132,621</u></b>

The cost of all governmental activities this year was \$257,972,847 compared to \$358,628,540 last year. However, as shown in the Statement of Activities on pages 11 - 12, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$29,432,114 because some of the costs were paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions or by State equalization funding.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, the fund balance of the District has decreased. This decrease is attributed to the completion of the La Joya ISD Sports & Learning Complex, the near completion of the District's LED lighting project, and other construction/remodeling projects. Its governmental funds as presented in the balance sheet on page 13 reported a total fund balance of \$73,742,688, which is a decrease from last year's total of \$93,764,393. Included in this year's change in fund balance is a decrease of \$20,019,048 in the District's General Fund and a decrease of \$2,657 in the District's Nonmajor Governmental Funds.

As of August 31, 2018, the District's governmental funds reported an ending fund balance of \$73,742,688. The unassigned fund balance of \$50,475,385 is available for spending at the District discretion. In accordance with implementing GASB 54, the fund balance is comprised of:

- \$2,699,750 is recorded as Nonspendable Fund Balance
- \$5,569,976 is recorded as Restricted: \$1,695,761 in Food Service, \$3,643,300 in State programs and \$230,915 as federal programs restricted funds.
- \$7,916,311 is recorded as Committed to Construction
- \$394,978 in campus activity funds is recorded as other Committed Fund Balance.
- \$6,686,288 is recorded as Assigned Fund Balance, of which \$2,600,697 is recorded as outstanding encumbrances and \$4,085,591 as 2018-2019 budgetary gap for the General Fund.
- \$50,475,385 is the remaining unassigned amount.

A more detailed explanation of the District's fund balance can be found on Note 25 in the Notes to the Financial Statements.

*Budget Analysis.* Through the fiscal year 2017-2018, the District revises its budget on a quarterly basis with approval from the Board of Trustees. These budget amendments fall into three categories. The first category involves amendments to move funds from functions that did not need all the resources originally appropriated to them to other functions where resources were needed. The second category involves budgeting for additional local, state, or federal revenues. The third category involves budgeting additional expenditures funded by the District's General Fund Balance.

At year-end, revenues were \$8,095,907 less than the final budgeted amount. Actual expenditures were \$28,174,128 less than the final approved budget as reflected on Exhibit C-5. The following details the variance:

- Salaries for vacant positions are budgeted at a higher rate of pay than actual
- Not all vacant positions were filled
- The District continues to implement recommendations by Texas Association of School Board (TASB) on the District's staffing allocations.
- The District continued with an Energy Conservation Initiative.
- Construction/remodeling projects were initiated but not finalized at year-end.

Capital expenditures reduce available fund balance; they create new assets for the District as reported in the Statement of Net Position and as discussed in Note 8.



## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2018 the District had \$640,159,614 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents an increase of \$15,160,033 or 2.43 percent above last year. For additional information refer to the Notes to the Financial Statements beginning on page 22.

### Debt Administration

At year-end, the District had \$273,545,182 in bonds, capital leases and accreted interest outstanding versus \$288,034,640 last year—a decrease of 5.03 percent. The District's general obligation bond rating has been the highest possible according to national rating agencies. For additional information refer to the Notes to the Financial Statements beginning on page 22.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

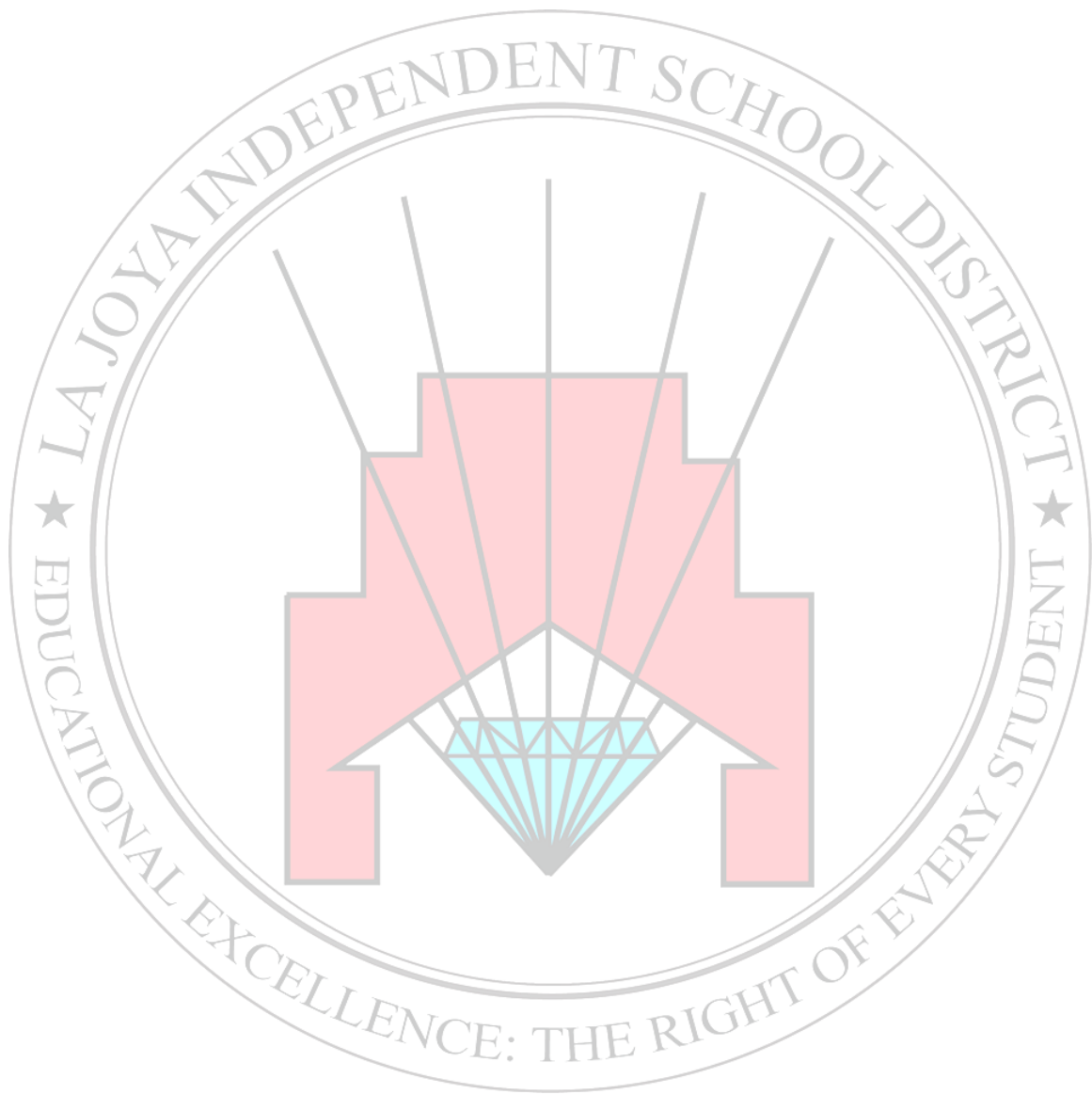
- Certified taxable value used for the 2019 fiscal year increased by approximately \$247 million from \$2.311 billion to \$2.558 billion.
- The district's refined average daily attendance for 2018-2019 is to remain the same as the school year 2017-2018.
- The District's Program and Services included in the General Fund are primarily supported by local and State sources of revenue.

These indicators were taken into account when adopting the General Fund budget for 2019. Amounts available for appropriation in the General Fund budget are \$321,552,532, a decrease of 2.27 percent over the 2018 amounts available for appropriation of \$329,017,070. The District will use its revenues to finance programs currently being offered as well as several construction and remodeling projects throughout the district. Total governmental budgeted expenditures are expected to decrease by 1.25 percent \$351.8 million in 2018-2019 from the 2017-2018 original budgeted of \$356.3 million.

If these estimates are realized, the District's budgetary General Fund balance is expected to decrease by the close of 2019. The District, through its ongoing review process, has continued and will continue to assess all areas of the District's operations.

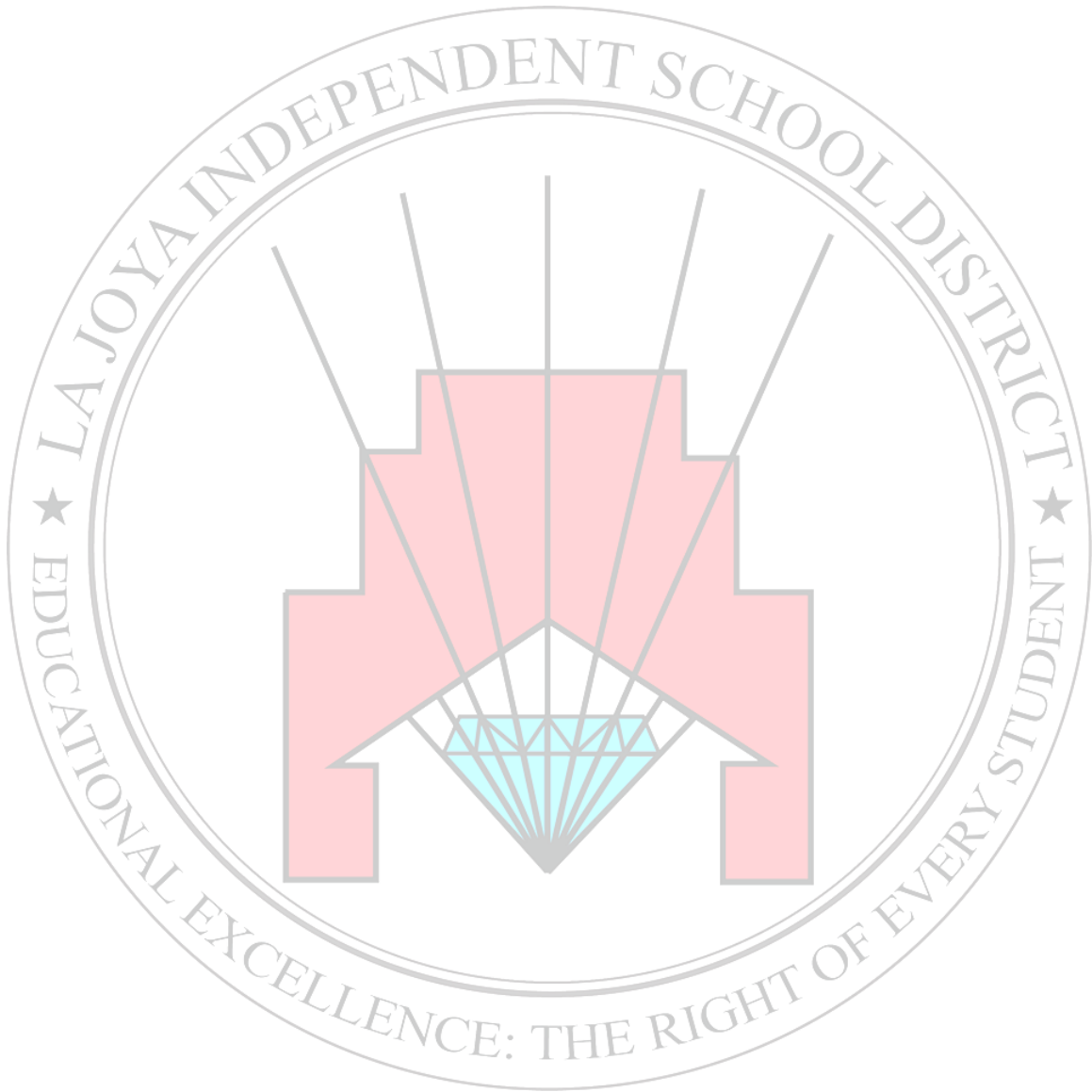
## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at La Joya Independent School District, 201 E. Expressway 83, La Joya, Texas 78560.



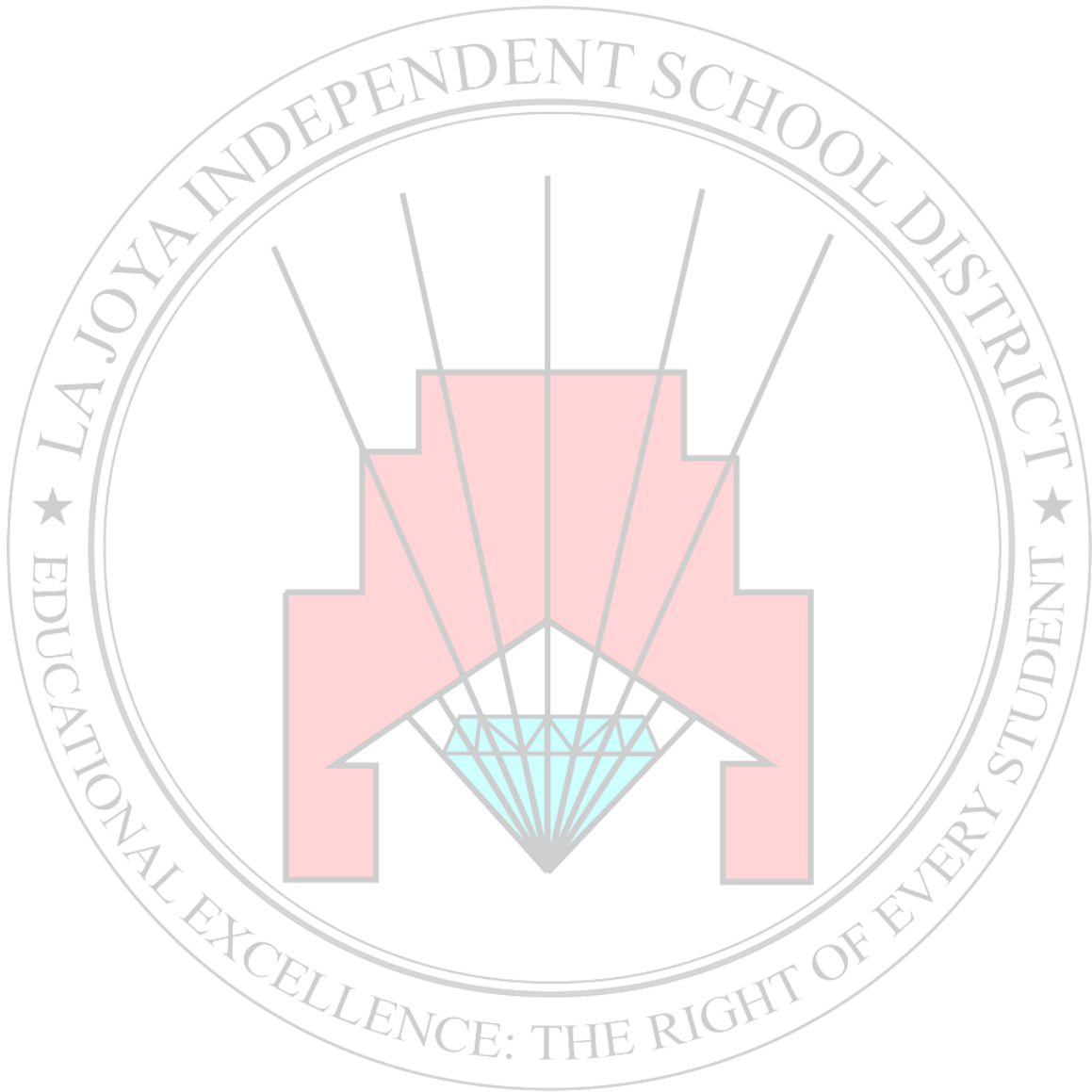
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## **BASIC FINANCIAL STATEMENTS**



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**GOVERNMENT WIDE  
FINANCIAL STATEMENTS**



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LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
AUGUST 31, 2018

EXHIBIT A-1

		1	2	3
		Primary Government		
Data			Business	
Control		Governmental	Type	
Codes		Activities	Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	\$ 13,771,077	\$ 4,234	\$ 13,775,311
1120	Current Investments	77,740,008	-	77,740,008
1220	Property Taxes Receivable (Delinquent)	7,987,554	-	7,987,554
1230	Allowance for Uncollectible Taxes	(1,363,291)	-	(1,363,291)
1240	Due from Other Governments	18,785,564	-	18,785,564
1250	Accrued Interest	342,035	12	342,047
1260	Internal Balances	(89,152)	89,152	-
1290	Other Receivables, net	407,739	10,432	418,171
1300	Inventories	2,592,599	4,983	2,597,582
1410	Prepayments	307,424	-	307,424
	Capital Assets:			
1510	Land	21,411,565	-	21,411,565
1520	Buildings, Net	360,596,240	67,845	360,664,085
1530	Furniture and Equipment, Net	8,881,325	194,830	9,076,155
1550	Leased Property Under Capital Leases, Net	17,900,584	-	17,900,584
1580	Construction in Progress	5,365,058	-	5,365,058
1000	Total Assets	534,636,329	371,488	535,007,817
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred Charge for Refunding	11,033,389	-	11,033,389
1703	Deferred Resource Outflow Related to TRS OPEB	3,435,416	-	3,435,416
1705	Deferred Outflow Related to TRS Pension	22,776,645	-	22,776,645
1700	Total Deferred Outflows of Resources	37,245,450	-	37,245,450
LIABILITIES				
2110	Accounts Payable	4,995,132	95,538	5,090,670
2120	Short Term Debt Payable	-	1,763	1,763
2140	Interest Payable	399,937	-	399,937
2150	Payroll Deductions & Withholdings	475,316	-	475,316
2160	Accrued Wages Payable	9,428,214	1,981	9,430,195
2180	Due to Other Governments	8,416,471	3,226	8,419,697
2190	Due to Student Groups	2,405	-	2,405
2200	Accrued Expenses	50,759	-	50,759
2300	Unearned Revenue	389,544	6,305	395,849
2400	Payable from Restricted Assets	2,100	-	2,100
	Noncurrent Liabilities			
2501	Due Within One Year	14,794,396	-	14,794,396
2502	Due in More Than One Year	259,872,868	-	259,872,868
2540	Net Pension Liability (District's Share)	64,544,492	-	64,544,492
2545	Net OPEB Liability (District's Share)	127,502,595	-	127,502,595
2000	Total Liabilities	490,874,229	108,813	490,983,042
DEFERRED INFLOWS OF RESOURCES				
2603	Deferred Resource Inflow Related to TRS OPEB	53,334,576	-	53,334,576
2605	Deferred Inflow Related to TRS Pension	9,872,752	-	9,872,752
2600	Total Deferred Inflows of Resources	63,207,328	-	63,207,328
NET POSITION				
3200	Net Investment in Capital Assets	153,691,771	262,675	153,954,446
3820	Restricted for Federal and State Programs	5,569,976	-	5,569,976
3900	Unrestricted	(141,461,525)	-	(141,461,525)
3000	Total Net Position	\$ 17,800,222	\$ 262,675	\$ 18,062,897

The notes to the financial statements are an integral part of this statement.

LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018

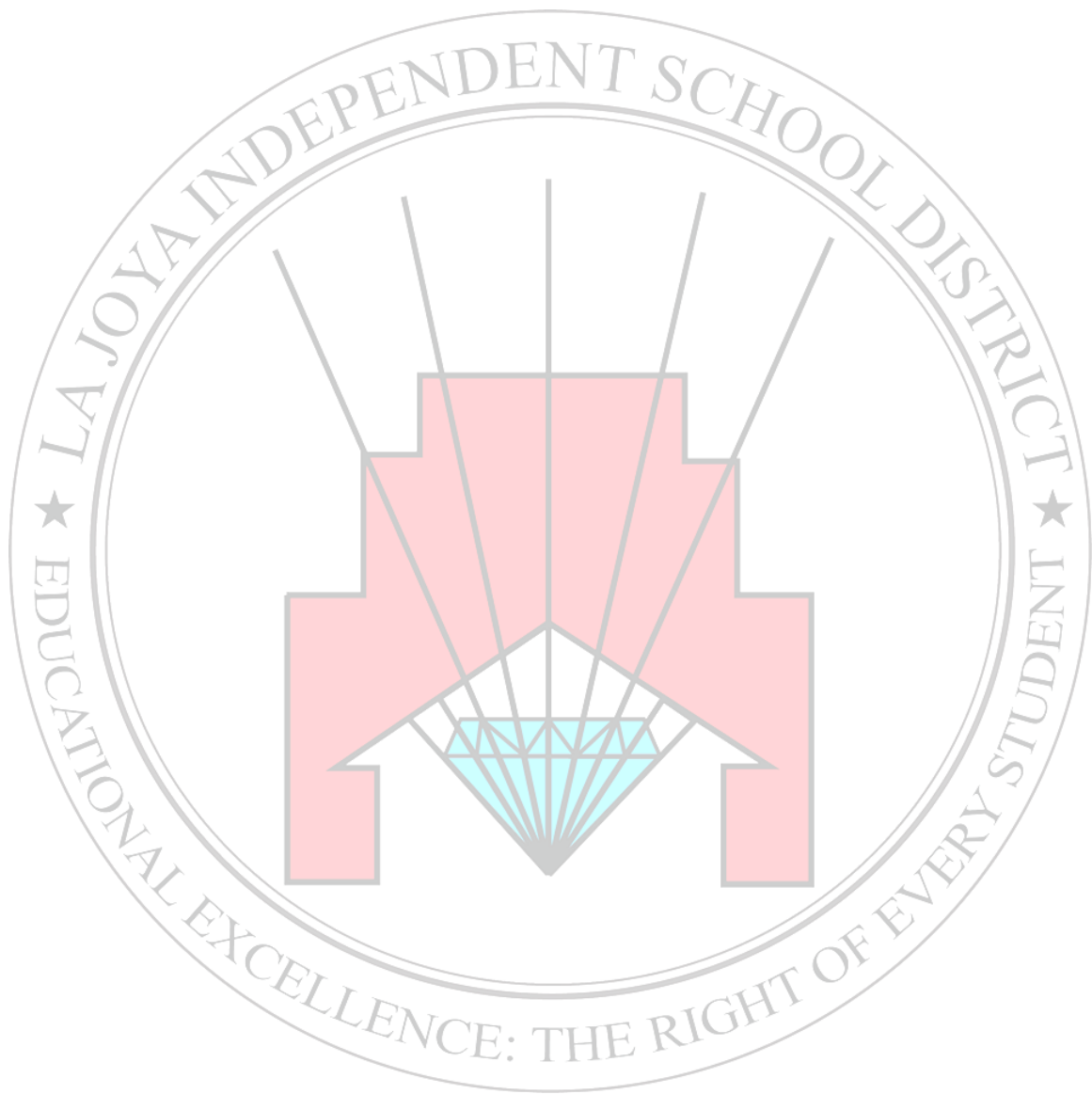
Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 121,738,656	\$ -	\$ 3,634,883
12 Instructional Resources and Media Services	5,811,365	-	(376,712)
13 Curriculum and Staff Development	5,662,225	-	3,014,274
21 Instructional Leadership	3,538,678	-	(219,657)
23 School Leadership	13,280,880	-	(2,495,527)
31 Guidance, Counseling and Evaluation Services	9,643,461	-	(1,076,230)
32 Social Work Services	2,011,867	-	1,256,693
33 Health Services	2,681,944	-	(577,532)
34 Student (Pupil) Transportation	8,104,589	-	(1,834,391)
35 Food Services	19,241,821	301,520	20,297,819
36 Extracurricular Activities	11,130,435	129,625	(1,090,211)
41 General Administration	7,845,744	1,712,872	(1,315,862)
51 Facilities Maintenance and Operations	31,010,818	-	(2,644,965)
52 Security and Monitoring Services	4,027,806	-	(775,502)
53 Data Processing Services	1,176,218	-	(144,232)
61 Community Services	784,329	-	996,838
72 Debt Service - Interest on Long Term Debt	10,009,474	-	-
99 Other Intergovernmental Charges	272,537	-	-
[TG] Total Governmental Activities:	257,972,847	2,144,017	16,649,686
BUSINESS-TYPE ACTIVITIES:			
01 Sports & Learning Complex	539,077	289,153	-
02 Howling Trails Golf Course	771,987	469,950	-
[TB] Total Business-Type Activities:	1,311,064	759,103	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 259,283,911	\$ 2,903,120	\$ 16,649,686

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
FR	Transfers In (Out)
TR	Total General Revenues & Transfers
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment
NE	Net Position--Ending

The notes to the financial statements are an integral part of this statement.

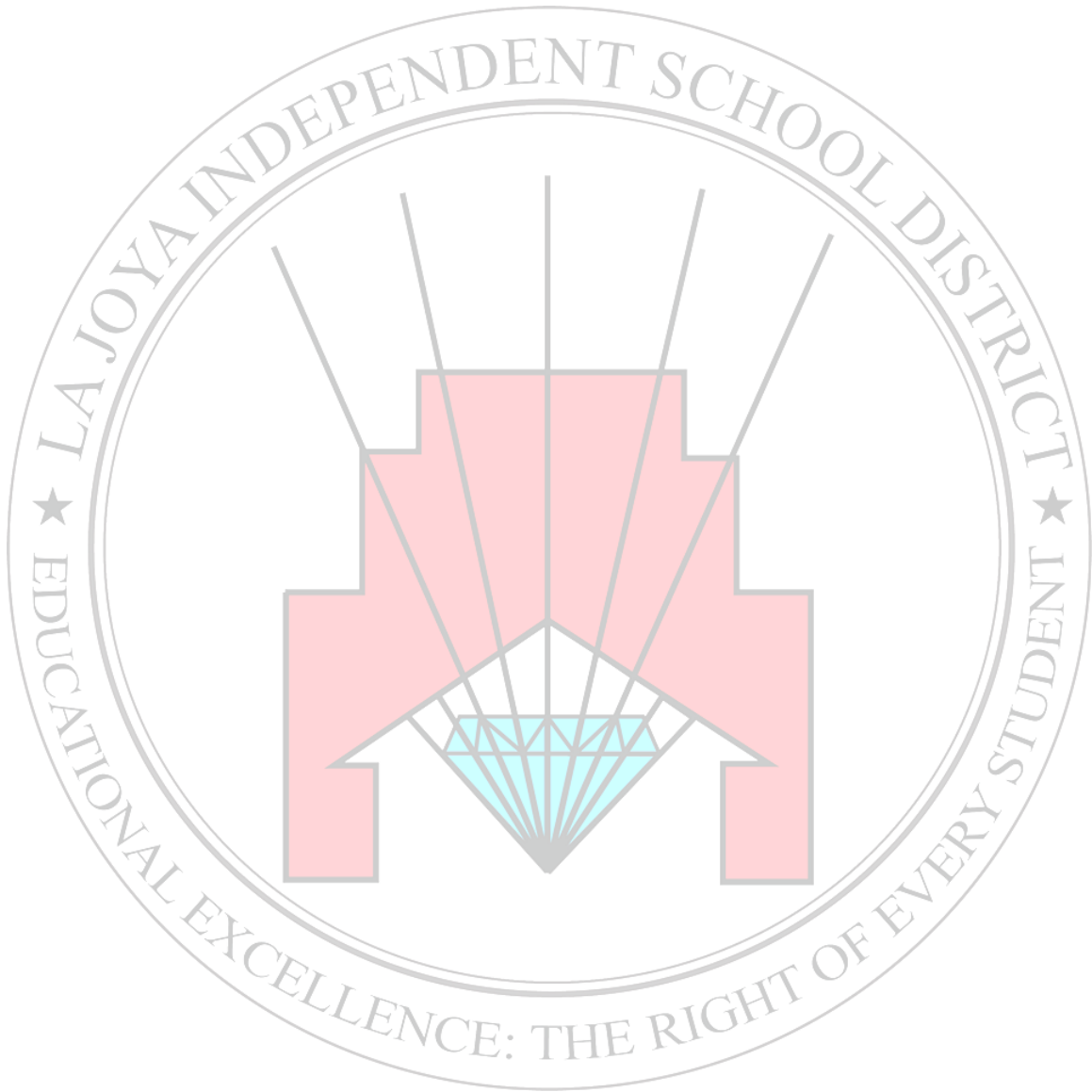


Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (118,103,773)	\$ -	\$ (118,103,773)
(6,188,077)	-	(6,188,077)
(2,647,951)	-	(2,647,951)
(3,758,335)	-	(3,758,335)
(15,776,407)	-	(15,776,407)
(10,719,691)	-	(10,719,691)
(755,174)	-	(755,174)
(3,259,476)	-	(3,259,476)
(9,938,980)	-	(9,938,980)
1,357,518	-	1,357,518
(12,091,021)	-	(12,091,021)
(7,448,734)	-	(7,448,734)
(33,655,783)	-	(33,655,783)
(4,803,308)	-	(4,803,308)
(1,320,450)	-	(1,320,450)
212,509	-	212,509
(10,009,474)	-	(10,009,474)
(272,537)	-	(272,537)
(239,179,144)	-	(239,179,144)
-	(249,924)	(249,924)
-	(302,037)	(302,037)
-	(551,961)	(551,961)
(239,179,144)	(551,961)	(239,731,105)
26,271,354	-	26,271,354
3,160,760	-	3,160,760
235,153,528	-	235,153,528
1,458,681	421	1,459,102
3,493,818	-	3,493,818
(681,594)	681,594	-
268,856,547	682,015	269,538,562
29,677,403	130,054	29,807,457
208,005,384	132,621	208,138,005
(219,882,565)	-	(219,882,565)
\$ 17,800,222	\$ 262,675	\$ 18,062,897



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**GOVERNMENTAL FUND  
FINANCIAL STATEMENTS**

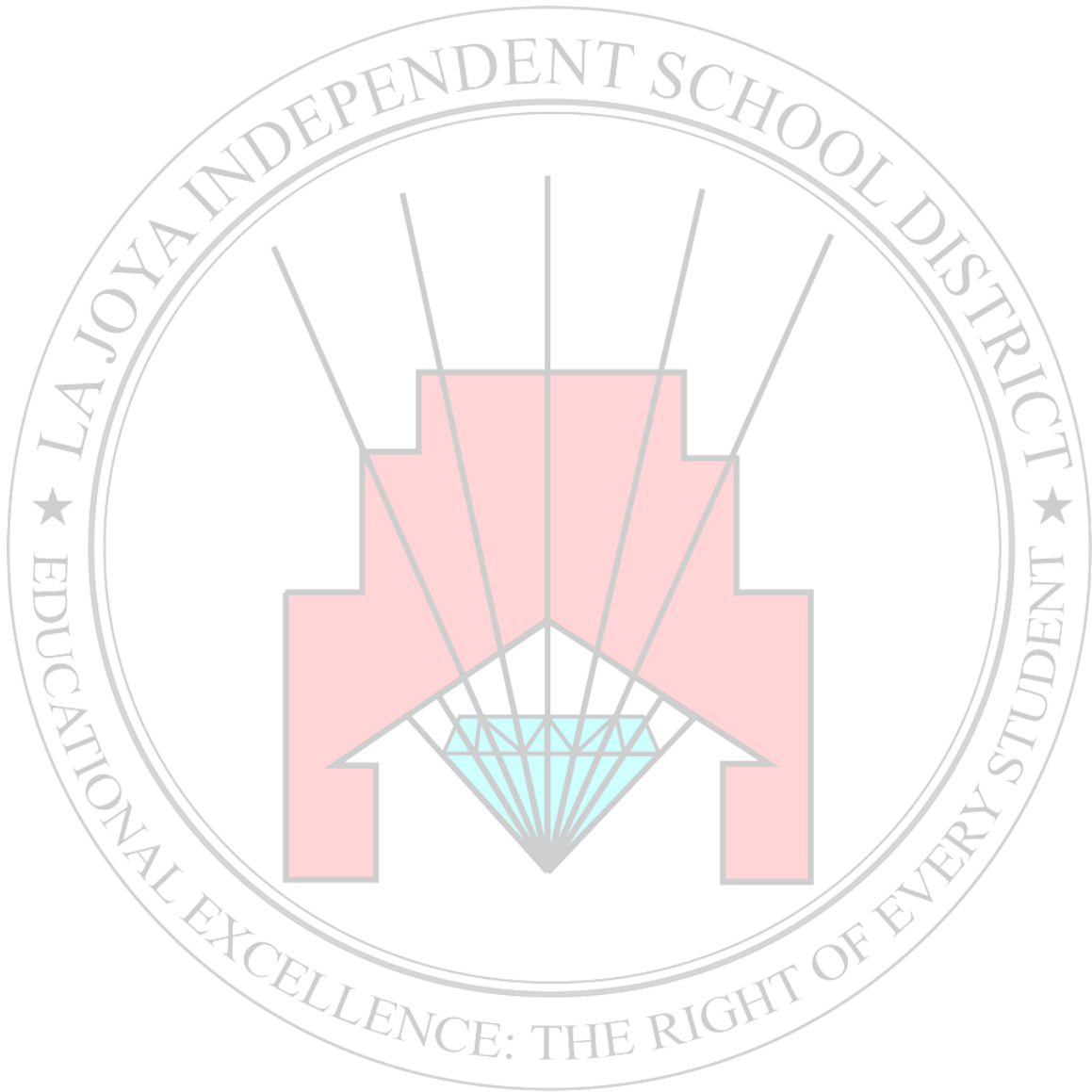


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LA JOYA INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 12,043,791	\$ 50,600	\$ 821,991	\$ 12,916,382
1120 Investments - Current	59,975,161	98,026	-	60,073,187
1220 Property Taxes - Delinquent	7,134,324	853,230	-	7,987,554
1230 Allowance for Uncollectible Taxes (Credit)	(1,217,838)	(145,453)	-	(1,363,291)
1240 Receivables from Other Governments	11,568,979	-	7,216,585	18,785,564
1250 Accrued Interest	218,004	74	-	218,078
1260 Due from Other Funds	6,047,604	3,825,616	-	9,873,220
1290 Other Receivables	116,112	-	46,380	162,492
1300 Inventories	2,592,599	-	-	2,592,599
1410 Prepayments	307,424	-	-	307,424
1000 Total Assets	<u>\$ 98,786,160</u>	<u>\$ 4,682,093</u>	<u>\$ 8,084,956</u>	<u>\$ 111,553,209</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 2,273,960	\$ -	\$ 237,479	\$ 2,511,439
2150 Payroll Deductions and Withholdings Payable	475,316	-	-	475,316
2160 Accrued Wages Payable	8,441,902	-	986,312	9,428,214
2170 Due to Other Funds	3,914,768	-	6,046,001	9,960,769
2180 Due to Other Governments	4,442,155	3,974,316	-	8,416,471
2190 Due to Student Groups	2,405	-	-	2,405
2300 Unearned Revenues	200,273	-	189,271	389,544
2400 Payable from Restricted Assets	2,100	-	-	2,100
2000 Total Liabilities	<u>19,752,879</u>	<u>3,974,316</u>	<u>7,459,063</u>	<u>31,186,258</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601 Unavailable Revenue - Property Taxes	5,916,486	707,777	-	6,624,263
2600 Total Deferred Inflows of Resources	<u>5,916,486</u>	<u>707,777</u>	<u>-</u>	<u>6,624,263</u>
<b>FUND BALANCES</b>				
Nonspendable Fund Balance:				
3410 Inventories	2,392,326	-	-	2,392,326
3430 Prepaid Items	307,424	-	-	307,424
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	5,339,061	-	-	5,339,061
3490 Other Restricted Fund Balance	-	-	230,915	230,915
Committed Fund Balance:				
3510 Construction	7,916,311	-	-	7,916,311
3545 Other Committed Fund Balance	-	-	394,978	394,978
Assigned Fund Balance:				
3590 Other Assigned Fund Balance	6,686,288	-	-	6,686,288
3600 Unassigned Fund Balance	50,475,385	-	-	50,475,385
3000 Total Fund Balances	<u>73,116,795</u>	<u>-</u>	<u>625,893</u>	<u>73,742,688</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 98,786,160</u>	<u>\$ 4,682,093</u>	<u>\$ 8,084,956</u>	<u>\$ 111,553,209</u>

The notes to the financial statements are an integral part of this statement.



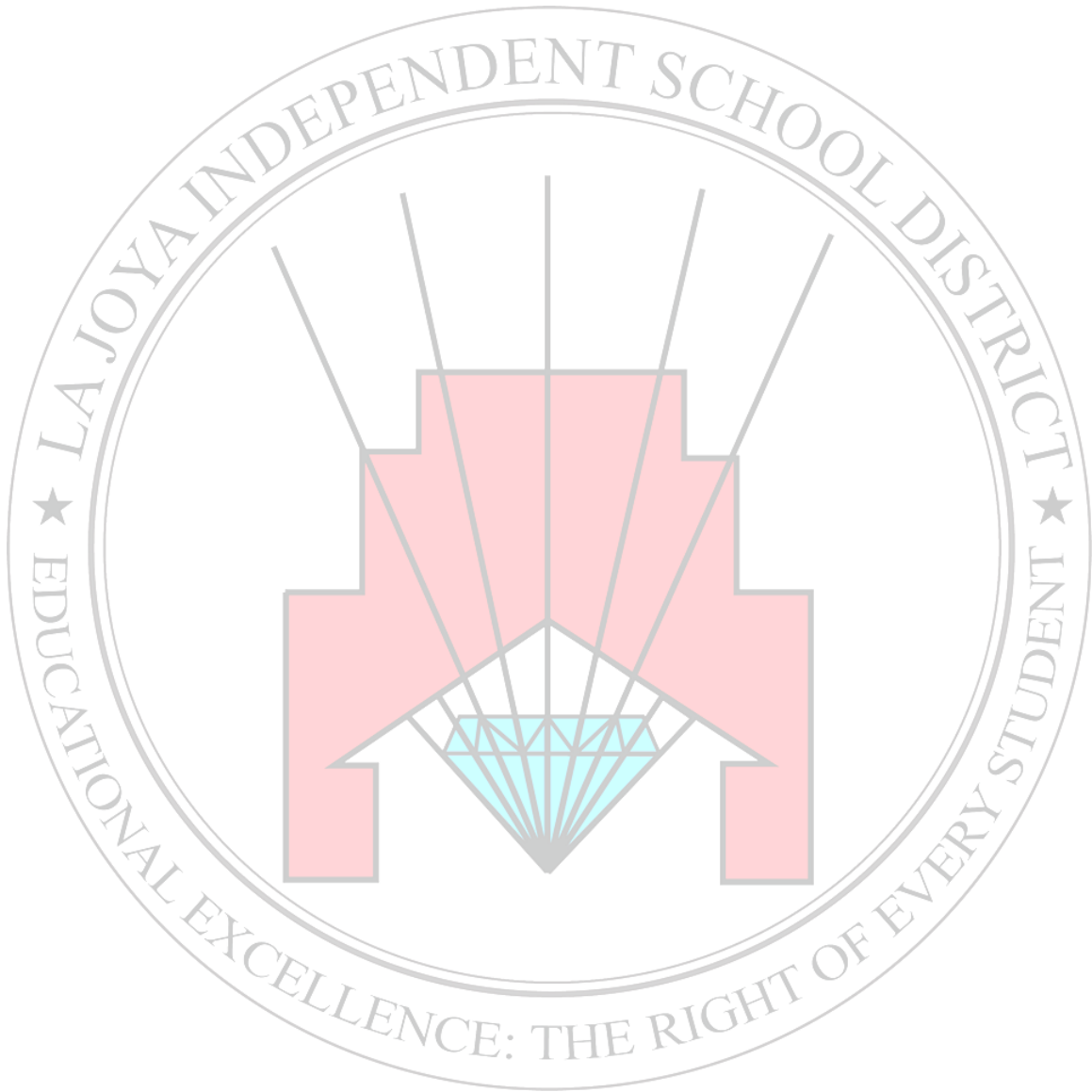
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LA JOYA INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
AUGUST 31, 2018

EXHIBIT C-2

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 73,742,688</b>
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	16,497,737
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	414,062,459
3 Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The net effect is to decrease net position.	(264,084,571)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. The net position related to TRS included a Deferred Resource Outflow in the amount of \$22,776,645, a Deferred Resource Inflow in the amount of \$9,872,752 and a net pension liability in the amount of \$64,544,492. This resulted in a decrease in net position.	(51,640,599)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of \$3,435,416, a deferred resource inflow in the amount of \$53,334,576, and a net OPEB liability in the amount of \$127,502,595. This resulted in a decrease in net position.	(177,401,755)
6 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue. The net effect of these reclassifications and recognitions is to increase net position.	6,624,263
<b>19 Net Position of Governmental Activities</b>	<b>\$ 17,800,222</b>

The notes to the financial statements are an integral part of this statement.



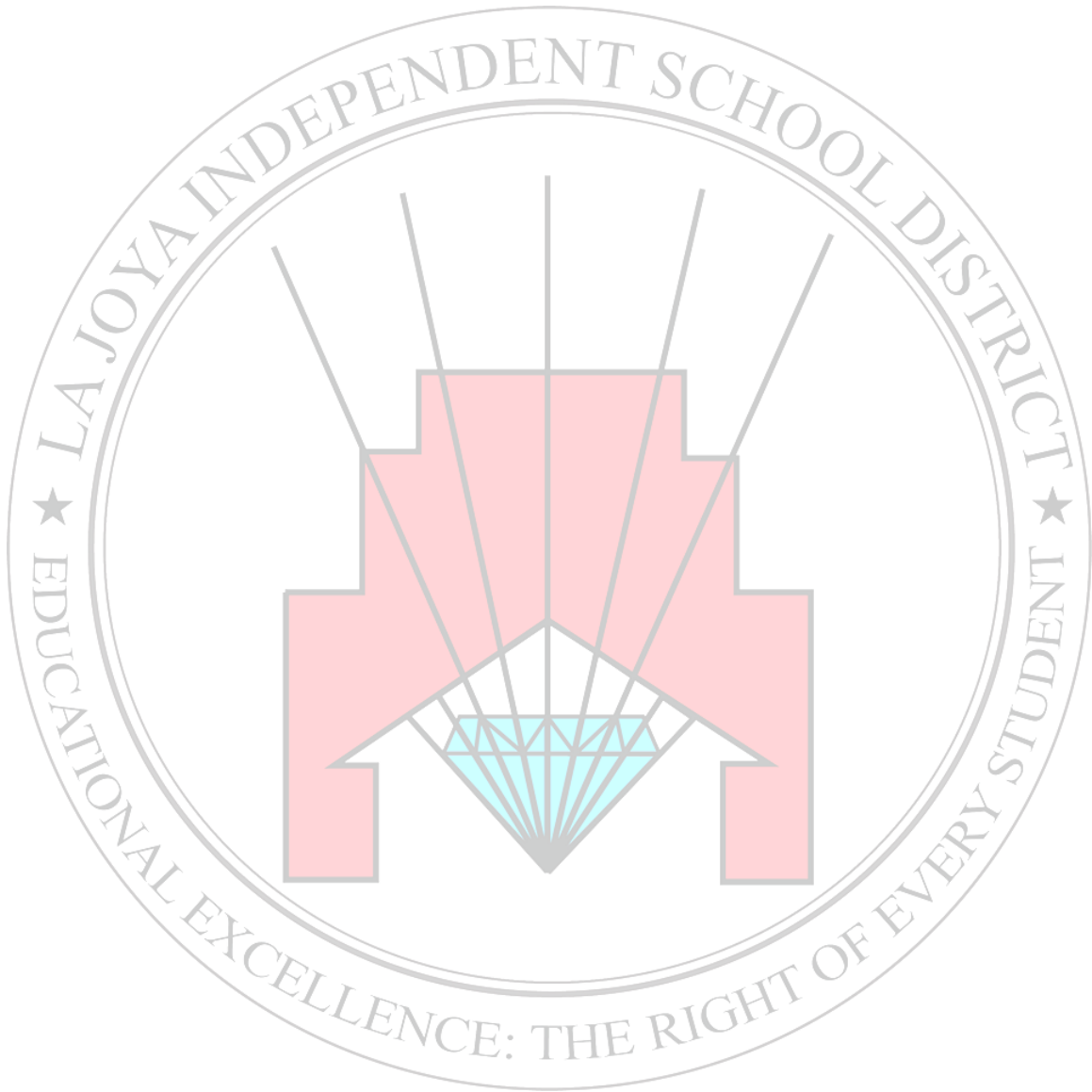
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LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	10 General Fund	50 Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 32,625,452	\$ 3,428,314	\$ 1,478,920	\$ 37,532,686
5800 State Program Revenues	234,027,482	10,798,662	3,597,663	248,423,807
5900 Federal Program Revenues	25,985,386	-	29,768,668	55,754,054
5020 Total Revenues	292,638,320	14,226,976	34,845,251	341,710,547
EXPENDITURES:				
Current:				
0011 Instruction	144,320,762	-	24,380,828	168,701,590
0012 Instructional Resources and Media Services	6,722,853	-	630,201	7,353,054
0013 Curriculum and Instructional Staff Development	3,654,125	-	4,037,758	7,691,883
0021 Instructional Leadership	4,331,425	-	576,425	4,907,850
0023 School Leadership	17,813,361	-	713,756	18,527,117
0031 Guidance, Counseling and Evaluation Services	12,691,294	-	1,656,335	14,347,629
0032 Social Work Services	1,438,436	-	1,704,188	3,142,624
0033 Health Services	3,562,655	-	91,158	3,653,813
0034 Student (Pupil) Transportation	10,998,361	-	-	10,998,361
0035 Food Services	21,379,059	-	-	21,379,059
0036 Extracurricular Activities	12,835,057	-	-	12,835,057
0041 General Administration	9,786,283	-	-	9,786,283
0051 Facilities Maintenance and Operations	34,330,236	-	4,907	34,335,143
0052 Security and Monitoring Services	6,495,905	-	-	6,495,905
0053 Data Processing Services	1,624,998	-	-	1,624,998
0061 Community Services	109,635	-	1,052,352	1,161,987
Debt Service:				
0071 Principal on Long Term Debt	1,161,159	10,707,387	-	11,868,546
0072 Interest on Long Term Debt	69,664	13,254,754	-	13,324,418
0073 Bond Issuance Cost and Fees	-	22,190	-	22,190
Capital Outlay:				
0081 Facilities Acquisition and Construction	13,127,424	-	-	13,127,424
Intergovernmental:				
0099 Other Intergovernmental Charges	272,537	-	-	272,537
6030 Total Expenditures	306,725,229	23,984,331	34,847,908	365,557,468
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,086,909)	(9,757,355)	(2,657)	(23,846,921)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	108,361	-	-	108,361
7913 Capital Leases	2,307,571	-	-	2,307,571
7915 Transfers In	-	8,125,616	-	8,125,616
8911 Transfers Out (Use)	(8,957,007)	-	-	(8,957,007)
7080 Total Other Financing Sources (Uses)	(6,541,075)	8,125,616	-	1,584,541
1200 Net Change in Fund Balances	(20,627,984)	(1,631,739)	(2,657)	(22,262,380)
0100 Fund Balance - September 1 (Beginning)	93,135,843	-	628,550	93,764,393
1300 Increase (Decrease) in Fund Balance	608,936	1,631,739	-	2,240,675
3000 Fund Balance - August 31 (Ending)	\$ 73,116,795	\$ -	\$ 625,893	\$ 73,742,688

The notes to the financial statements are an integral part of this statement.



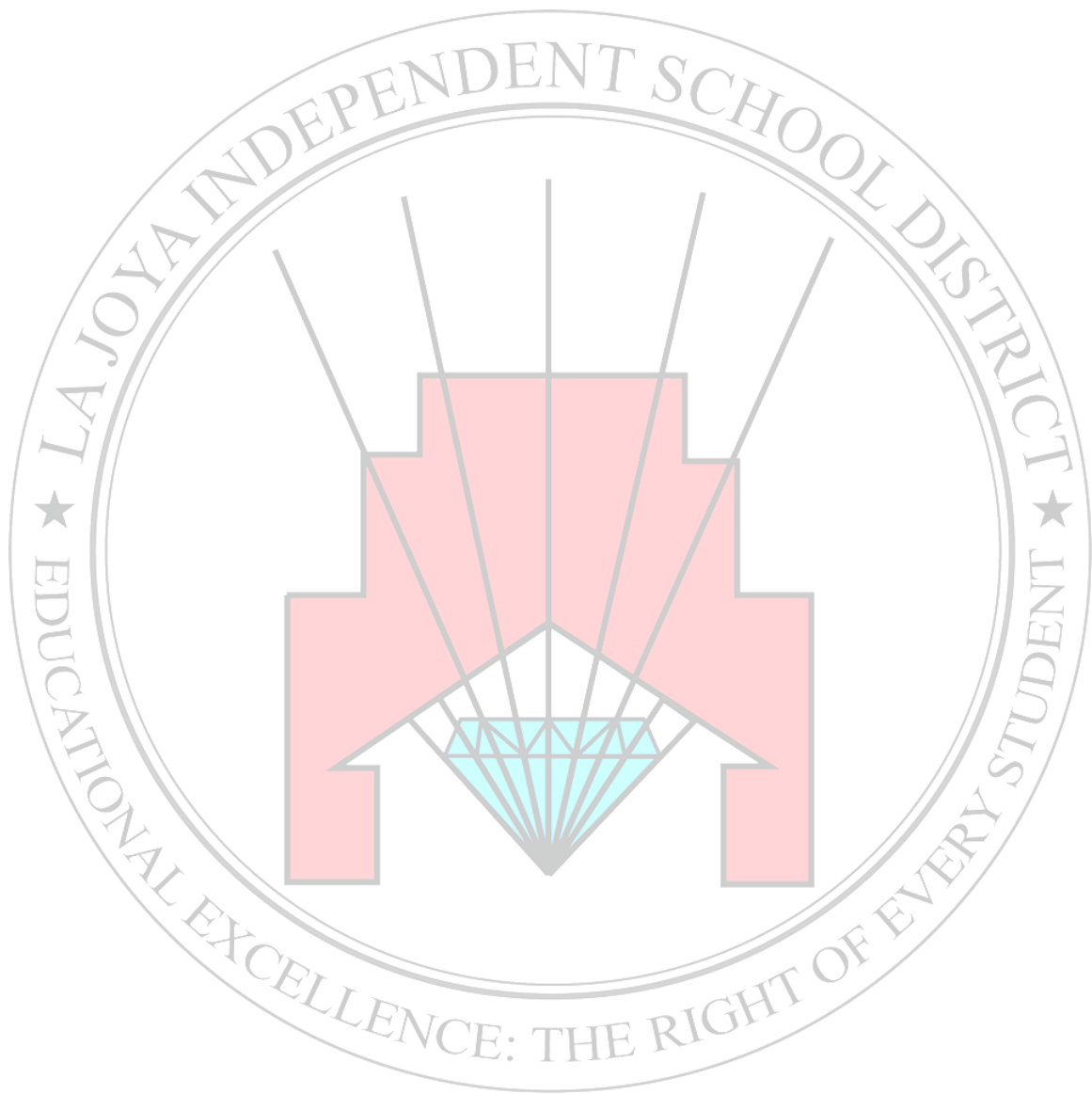
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LA JOYA INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ (22,262,380)</b>
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.	(1,657,855)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2018 capital outlays is to decrease net position.	(2,082,846)
Current year long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2018 debt principal payments is to decrease net position.	13,512,088
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(262,890)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$6,932,392. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$6,615,848. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by \$2,606,743. The net result is an decrease in the change in net position.	(2,290,199)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$3,415,458. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling \$2,976,151. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by (\$44,282,178). The net result is an increase in the change in net position.	44,721,485
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 29,677,403</b>

The notes to the financial statements are an integral part of this statement.

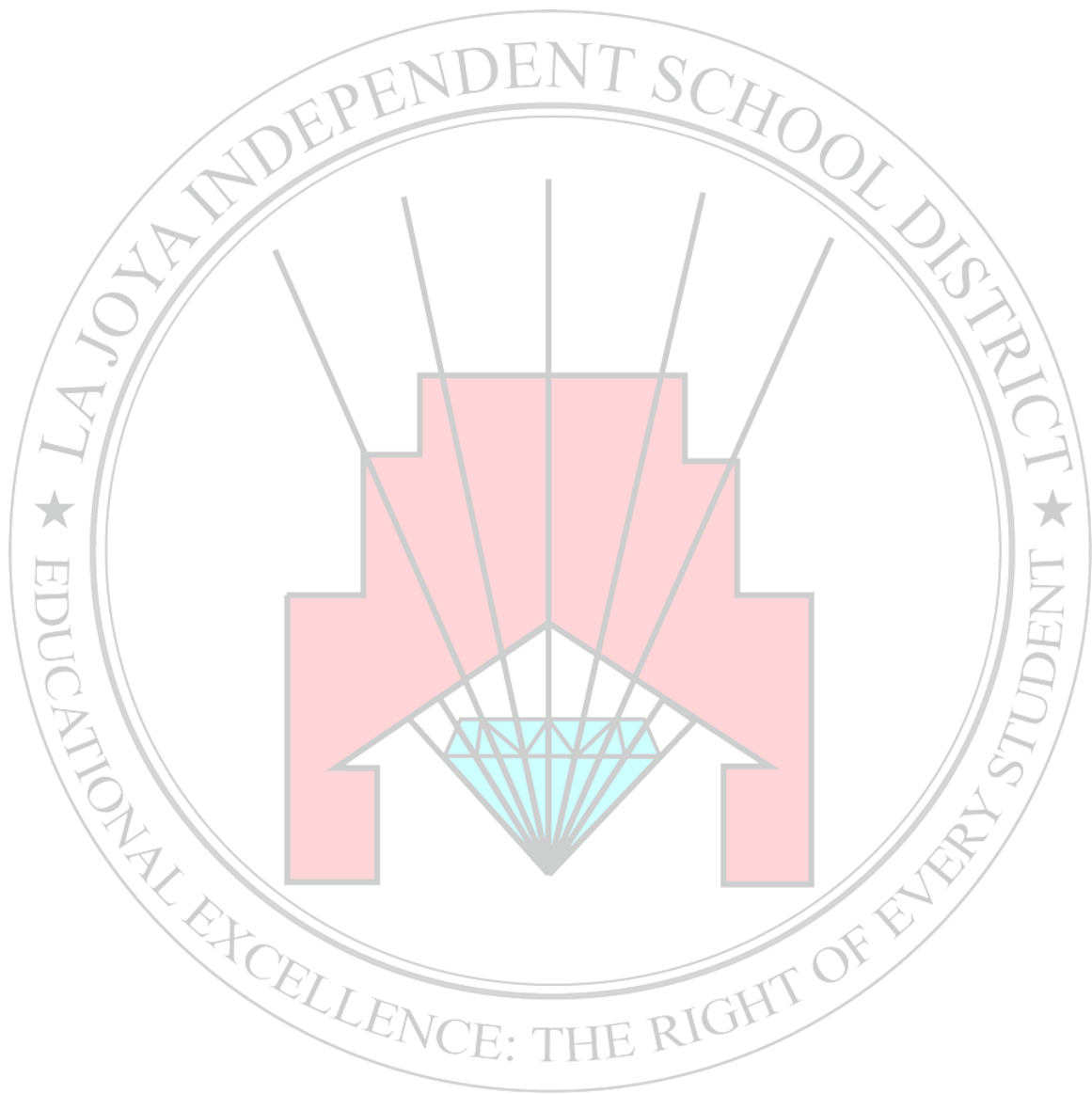


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LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

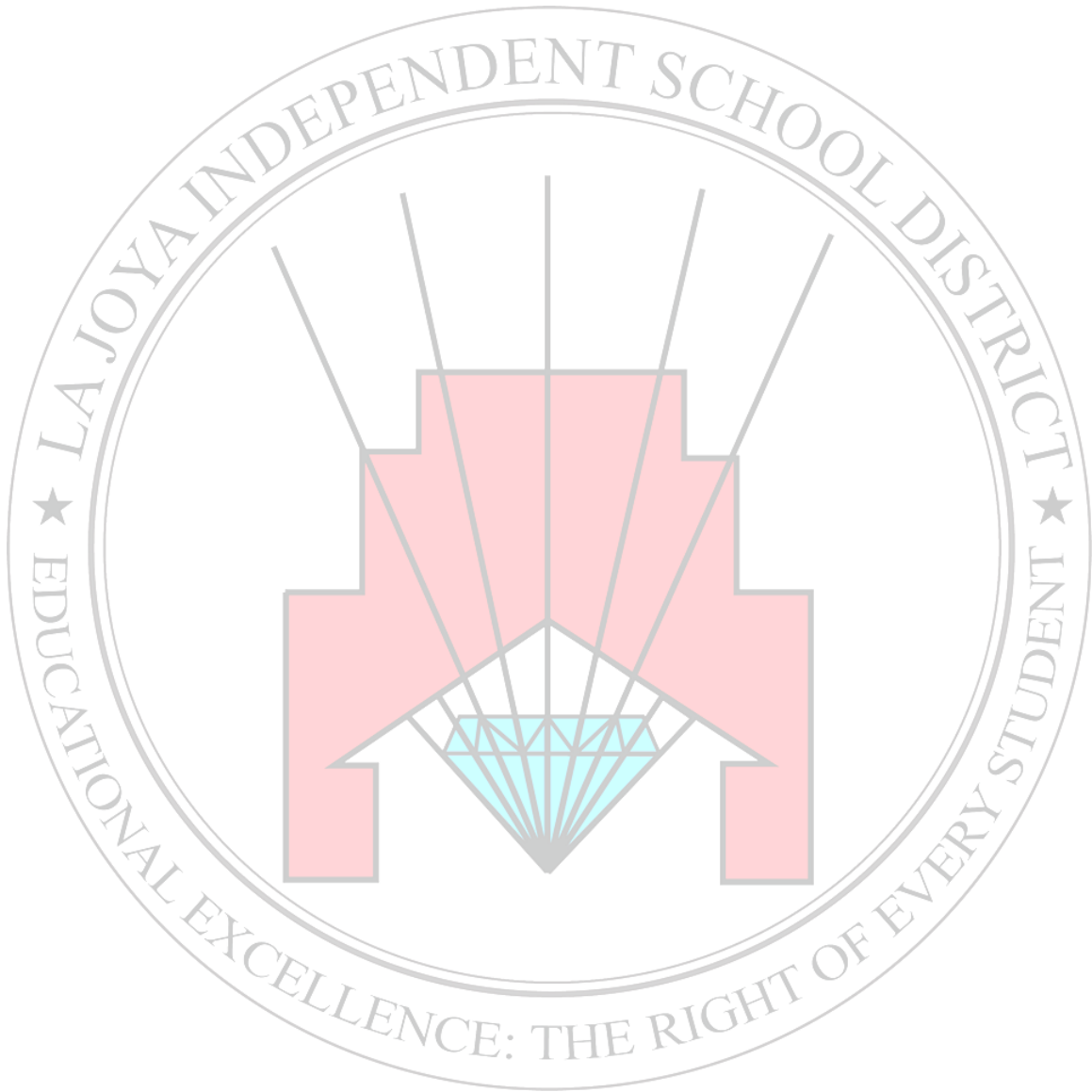
Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
	REVENUES:				
5700	Total Local and Intermediate Sources	\$ 29,435,767	\$ 31,761,077	\$ 32,625,452	\$ 864,375
5800	State Program Revenues	241,468,828	243,092,828	234,027,482	(9,065,346)
5900	Federal Program Revenues	22,680,322	25,880,322	25,985,386	105,064
5020	Total Revenues	293,584,917	300,734,227	292,638,320	(8,095,907)
	EXPENDITURES:				
	Current:				
0011	Instruction	148,257,890	153,414,530	144,320,762	9,093,768
0012	Instructional Resources and Media Services	6,085,389	6,874,065	6,722,853	151,212
0013	Curriculum and Instructional Staff Development	3,379,599	4,043,967	3,654,125	389,842
0021	Instructional Leadership	5,123,941	5,315,257	4,331,425	983,832
0023	School Leadership	18,921,548	19,334,489	17,813,361	1,521,128
0031	Guidance, Counseling and Evaluation Services	13,029,271	13,445,965	12,691,294	754,671
0032	Social Work Services	993,048	1,627,487	1,438,436	189,051
0033	Health Services	3,482,442	3,918,612	3,562,655	355,957
0034	Student (Pupil) Transportation	13,273,275	13,503,731	10,998,361	2,505,370
0035	Food Services	20,234,872	21,684,490	21,379,059	305,431
0036	Extracurricular Activities	12,855,563	14,276,312	12,835,057	1,441,255
0041	General Administration	11,008,219	11,712,011	9,786,283	1,925,728
0051	Facilities Maintenance and Operations	35,269,215	39,095,541	34,330,236	4,765,305
0052	Security and Monitoring Services	5,335,179	7,189,337	6,495,905	693,432
0053	Data Processing Services	1,337,233	1,988,520	1,624,998	363,522
0061	Community Services	74,972	112,398	109,635	2,763
	Debt Service:				
0071	Principal on Long Term Debt	1,082,150	1,579,150	1,161,159	417,991
0072	Interest on Long Term Debt	67,342	70,342	69,664	678
	Capital Outlay:				
0081	Facilities Acquisition and Construction	3,330,230	15,283,540	13,127,424	2,156,116
	Intergovernmental:				
0095	Payments to Juvenile Justice Alternative Ed. Prg.	24,532	16,132	-	16,132
0099	Other Intergovernmental Charges	340,511	413,481	272,537	140,944
6030	Total Expenditures	303,506,421	334,899,357	306,725,229	28,174,128
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,921,504)	(34,165,130)	(14,086,909)	20,078,221
	OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	-	-	108,361	108,361
7913	Capital Leases	-	2,070,544	2,307,571	237,027
7915	Transfers In	14,280,076	-	-	-
8911	Transfers Out (Use)	(25,510,649)	(11,230,573)	(8,957,007)	2,273,566
7080	Total Other Financing Sources (Uses)	(11,230,573)	(9,160,029)	(6,541,075)	2,618,954
1200	Net Change in Fund Balances	(21,152,077)	(43,325,159)	(20,627,984)	22,697,175
0100	Fund Balance - September 1 (Beginning)	93,135,843	93,135,843	93,135,843	-
1300	Increase (Decrease) in Fund Balance	-	-	608,936	608,936
3000	Fund Balance - August 31 (Ending)	\$ 71,983,766	\$ 49,810,684	\$ 73,116,795	\$ 23,306,111

The notes to the financial statements are an integral part of this statement.



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**PROPRIETARY FUND  
FINANCIAL STATEMENTS**



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LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2018

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 4,234	\$ 854,695
Investments - Current	-	17,666,821
Accrued Interest	12	123,957
Due from Other Funds	89,152	-
Other Receivables	10,432	245,247
Inventories	4,983	-
Total Current Assets	<u>108,813</u>	<u>18,890,720</u>
Noncurrent Assets:		
Capital Assets:		
Buildings and Improvements	75,036	-
Depreciation on Buildings	(7,191)	-
Furniture and Equipment	276,624	233,629
Depreciation on Furniture and Equipment	(81,794)	(141,316)
Leased Property Under Capital Leases	-	23,589
Depreciation on Capital Leases	-	(23,589)
Total Noncurrent Assets	<u>262,675</u>	<u>92,313</u>
Total Assets	<u>371,488</u>	<u>18,983,033</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	95,538	2,483,693
Short Term Debt Payable	1,763	-
Accrued Wages Payable	1,981	-
Due to Other Funds	-	1,603
Due to Other Governments	3,226	-
Unearned Revenues	6,305	-
Total Liabilities	<u>108,813</u>	<u>2,485,296</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	262,675	92,313
Unrestricted Net Position	-	16,405,424
Total Net Position	<u>\$ 262,675</u>	<u>\$ 16,497,737</u>

The notes to the financial statements are an integral part of this statement.

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 759,103	\$ 29,525,202
Total Operating Revenues	<u>759,103</u>	<u>29,525,202</u>
OPERATING EXPENSES:		
Payroll Costs	743,905	129,025
Professional and Contracted Services	82,153	30,300,861
Supplies and Materials	425,275	339,077
Other Operating Costs	28,009	875,744
Depreciation Expense	31,722	25,702
Total Operating Expenses	<u>1,311,064</u>	<u>31,670,409</u>
Operating Income (Loss)	<u>(551,961)</u>	<u>(2,145,207)</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	421	337,555
Total Nonoperating Revenues (Expenses)	<u>421</u>	<u>337,555</u>
Income (Loss) Before Transfers	(551,540)	(1,807,652)
Transfer In	681,594	149,797
Change in Net Position	130,054	(1,657,855)
Total Net Position -September 1 (Beginning)	<u>132,621</u>	<u>18,155,592</u>
Total Net Position -August 31 (Ending)	<u><u>\$ 262,675</u></u>	<u><u>\$ 16,497,737</u></u>

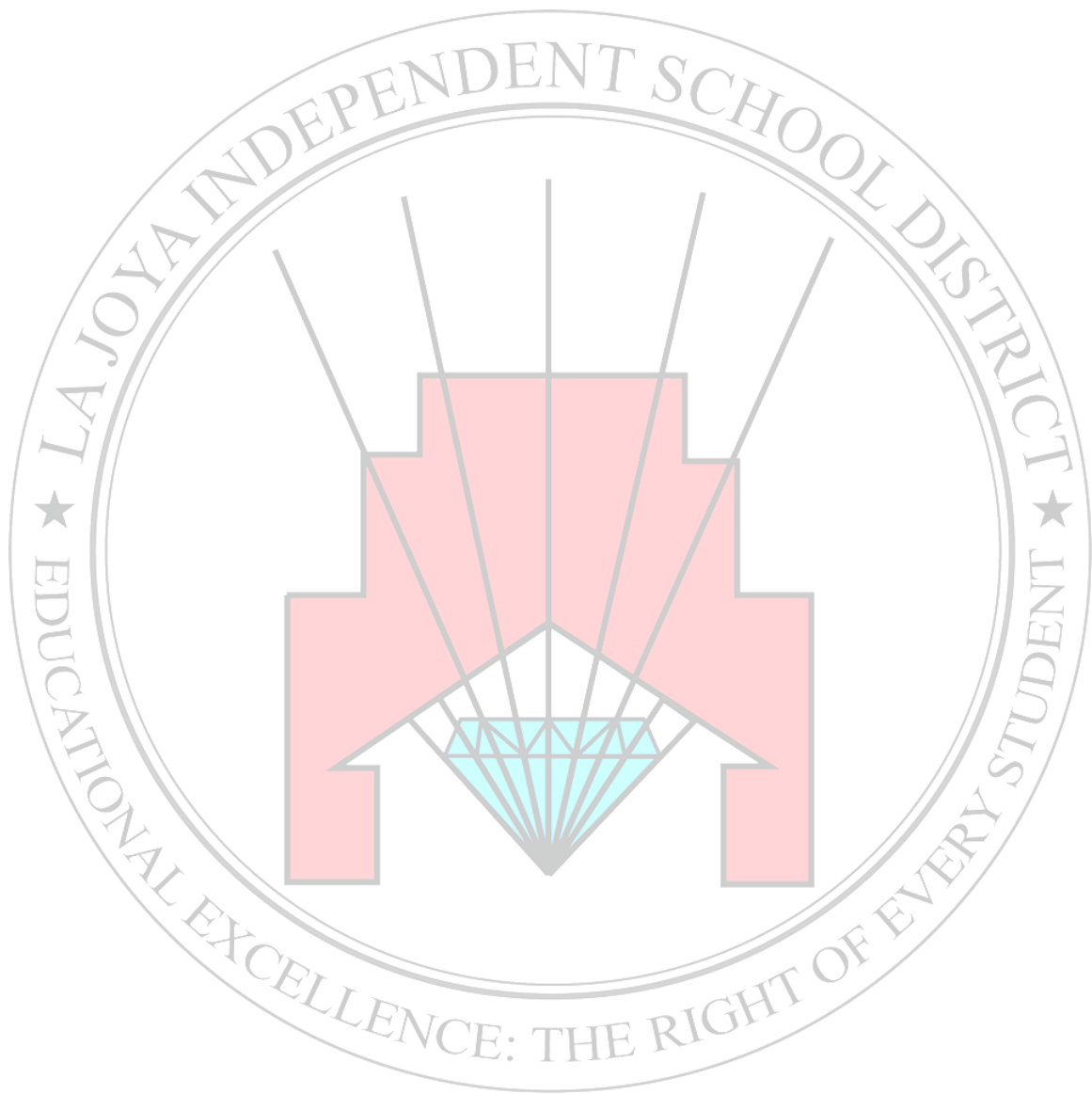
The notes to the financial statements are an integral part of this statement.

LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

EXHIBIT D-3

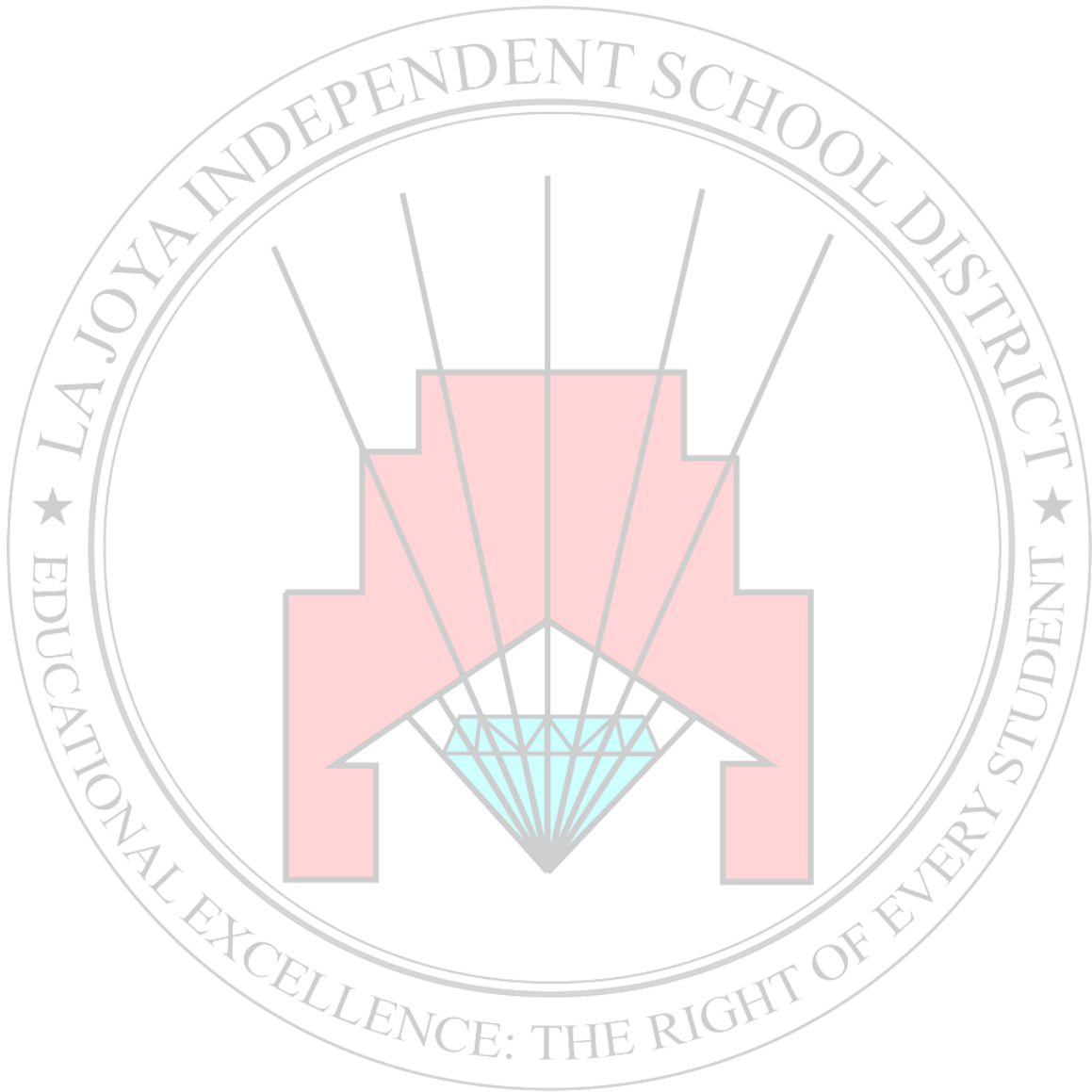
	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 665,885	\$ 29,294,842
Cash Payments to Employees for Services	(745,653)	(129,025)
Cash Payments for Suppliers	(503,743)	(30,639,938)
Cash Payments for Other Operating Expenses	37,894	(341,853)
Net Cash Used for Operating Activities	(545,617)	(1,815,974)
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Increase(decrease) in Short-term Loans	280	-
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>		
Acquisition of Capital Assets	(161,776)	(5,773)
Capital Contributed by Other Funds	681,594	149,797
Net Cash Provided by Capital and Related Financing Activities	519,818	144,024
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investment Securities	-	2,060,034
Interest and Dividends on Investments	421	337,555
Net Cash Provided by Investing Activities	421	2,397,589
Net Increase (Decrease) in Cash and Cash Equivalents	(25,098)	725,639
Cash and Cash Equivalents at Beginning of Year	29,332	129,056
Cash and Cash Equivalents at End of Year	\$ 4,234	\$ 854,695
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Used for Operating Activities:</u>		
Operating Income (Loss):	\$ (551,961)	\$ (2,145,207)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:		
Depreciation	31,722	25,702
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(2,436)	(167,384)
Decrease (increase) in Inventories	3,685	-
Increase (decrease) in Accounts Payable	77,290	682,288
Increase (decrease) in Unearned Revenues	(1,623)	-
Increase (decrease) in Accrued Wages Payable	(1,748)	-
Increase (decrease) in Due to Others	(11,387)	(148,397)
Increase (decrease) in Accrued Interest	(7)	(68,106)
Increase (decrease) in Due from Other	(89,152)	5,130
Net Cash Used for Operating Activities	\$ (545,617)	\$ (1,815,974)

The notes to the financial statements are an integral part of this statement.



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**FIDUCIARY FUNDS  
FINANCIAL STATEMENT**

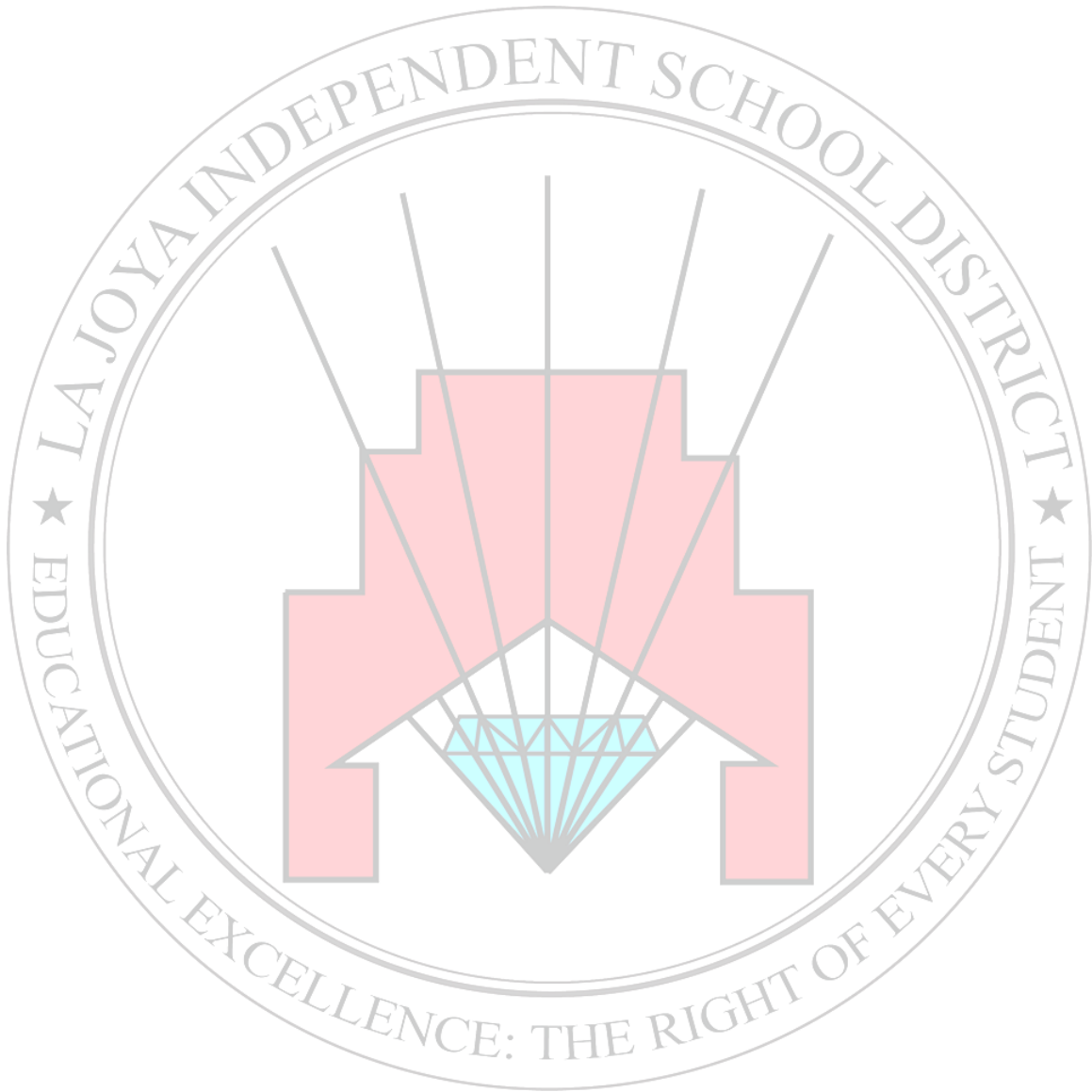


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LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS & LIABILITIES  
FIDUCIARY FUNDS  
AUGUST 31, 2018

	Agency Funds
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,057,590
Investments - Current	135,080
Accrued Interest	227
Other Receivables	6,420
Total Assets	<u>\$ 1,199,317</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 319,318
Due to Student Groups	868,563
Payable from Restricted Assets	11,436
Total Liabilities	<u>\$ 1,199,317</u>

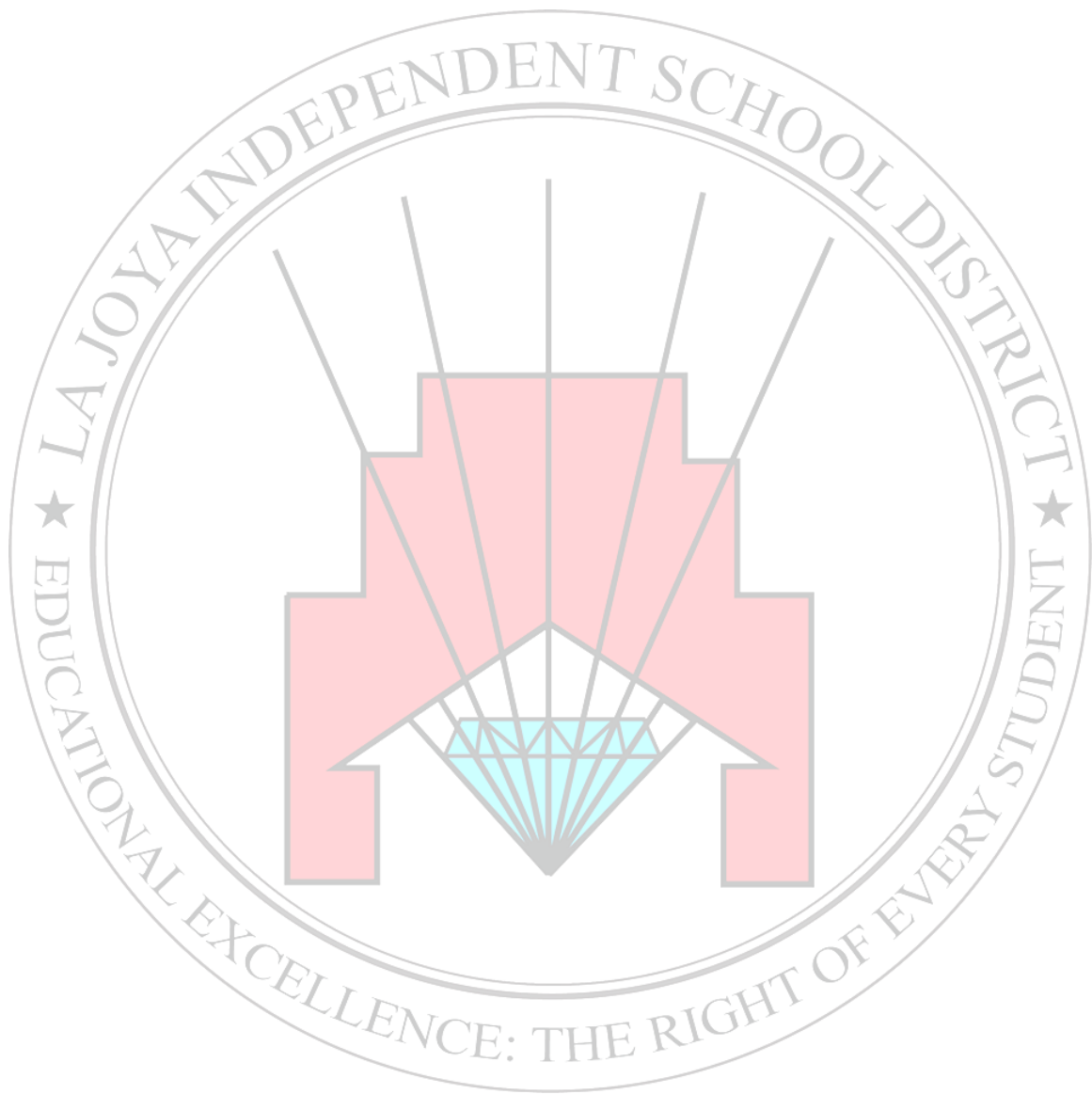
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**NOTES TO THE  
FINANCIAL STATEMENTS**



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LA JOYA ISD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2018

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

La Joya Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in **GASB Statement No. 76**, and it complies with the requirements of the appropriate version of Texas Education Agency's ***Financial Accountability System Resource Guide*** (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

*Pensions.* The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

*Other Post-Employment Benefits.* The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

La Joya Independent School District applies Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value and Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The District's investments are accounted for using the cost amortization method.

**A. REPORTING ENTITY**

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the La Joya Independent School District non-fiduciary activities with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues.

Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position. All inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as inter-fund transfers. Internal Service Funds inherently create redundancy because their expenses are recorded a second time in the funds that are billed for the services they provide. Therefore, on the government-wide financial statements, the operations of the Internal Service Funds are not eliminated in the process of consolidation. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Net Position.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary funds and fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund is accounted for on a flow of economic resources measurement focus and utilizes the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The fund equity is segregated into net investment in capital assets net of related debt, restricted net position, and unrestricted net position.

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

#### **D. FUND ACCOUNTING**

The District reports the following major governmental funds:

1. **General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources, including the Child Nutrition Program, except those required to be accounted for in another fund.
2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the District reports the following fund type(s):

Nonmajor Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Funds:

1. **Enterprise Fund** – is a proprietary fund type accounted for on the accrual basis. Generally accepted accounting principles of the private sector are applicable, as financial position, results of operations and cash flows are to be determined. The District's Enterprise Fund is comprised of:

Sports & Learning Complex (Fund 745)  
Howling Trails Golf Course (Fund 749)

2. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds are:

Print Shop (Fund 752)  
Health Insurance (Fund 753)  
Worker's Compensation (Fund 770)  
Unemployment Insurance (Fund 780)

Fiduciary Funds:

1. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. These funds are not included in the government-wide statements. The Agency Funds are:

- Tax Collections (Fund 861)
- Student Activity (Fund 865)
- Merit Scholarship (Fund 876)
- Employee Memorial (Fund 877)
- Superintendent's Scholarship (Fund 878)
- Administration and Finance Scholarship (Fund 880)
- Staff Activity (Fund 899)

**E. OTHER ACCOUNTING POLICIES**

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Agriculture. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Agriculture and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

- 4 It is the District's policy to permit some employees to accumulate earned but unused sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when an employee separates from service with the District. As of August 31, 2018, the accumulated sick leave balance is \$22,000,810.

*Compensated Absences:* All sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the fund financial statements only if they have matured, for example, as a result of employee retirement.

5. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Portable Buildings	20
Vehicles	7
Library Books	5
School Buses	10
Media Assets	5
Other Equipment	3-5

6. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid “grossing up” the revenues and expenses of the District as a whole.
7. Inventory is valued at cost (average). The District accounts for food inventories by using the consumption method whereby expenditures are recognized only when inventory items are used. Maintenance supplies inventory is accounted for by using the purchase method whereby purchases of inventories are recognized as expenditures when goods are received. Reported inventories are equally offset by a fund balance nonspendable category in the fund level statements which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. Commodity inventory is offset by unearned revenue.
8. Self-Insurance Plans

#### **Worker’s Compensation - Self Funded**

During the year ended August 31, 2018, La Joya ISD met its statutory worker’s compensation obligations. The District has established a self-insurance program for worker’s compensation benefits. As a self-funded entity, La Joya ISD is solely responsible for all claim costs, both reported and unreported.

Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of the agreement. According to state statute, the District is protected against unanticipated catastrophic claims and aggregate loss by coverage through State National Insurance Company, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. TRISTAR Risk Management, based out of Corpus Christi, TX, provides administrative services including claims administration and customer service.

La Joya ISD is protected against higher than expected claim costs through the purchase of stop loss coverage. Excess Worker’s Compensation Insurance was in effect for each occurrence with statutory limit coverage and a specific retention of \$400,000.

The costs associated with these self-insurance plans are reported as inter-fund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund and the Special Revenue Funds. Refer to Note 28 for a reconciliation of changes in liabilities.

#### **Property/Casualty Program**

During the year ended August 31, 2018, La Joya ISD participated in the Property Casualty Alliance of Texas (the Fund’s) Property Casualty Program with coverage for the District’s assets including but not limited to Property, Comprehensive General Liability, Musical Instruments, Computers and Vehicle Fleet.

The fund was created and is operated under the provision of the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Inter-local Agreements that define the responsibilities of the parties.

The fund purchases stop-loss coverage for the protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2018, the Fund anticipates La Joya ISD has no additional liability beyond the contractual obligations for the payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2017, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin

9. In the fund financial statements, certain resources of the governmental funds are set aside for the repayment or use of specific programs and are recorded to the following categories of designations:

- Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of these classifications are prepaid items and inventories.
- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that can be used only for the specific purposes imposed by formal action through the adoption of a resolution by the Board of Trustees, which is the highest level of decision making authority in the District. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered legally enforceable. Committed fund balance also incorporates contract obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The Board has by Local Policy CE authorized the Superintendent, or designee, to assign fund balance. The Board, Superintendent or designee may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. An additional action does not have to be taken for the removal of an assignment.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose. A negative unassigned fund balance could result in other governmental fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

*Fund Balance Flow Assumptions:* In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to be applied. When the District incurs an expenditure for which it may use either restricted, committed, assigned, or unrestricted assets, it uses the restricted assets first, the committed fund balance next, then the assigned fund balance. Unassigned fund balance is applied as a last resource.

10. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display



these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

11. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
12. The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. The district had no liability as of August 31, 2018.
13. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expense) until then.
14. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one type of item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Uncollected property taxes which are assumed collectible are reported in this category on the balance sheet for governmental funds. They are not reported in this category on the government wide statement of net position.
15. In the government-wide financial statements, insurance costs arising from the issuance of debt are reported as deferred outflows and amortized over the term of the related debt. Deferred amounts from a refunding of debt are reported as deferred outflows of resources and deferred amounts from refunding debt are reported as deferred inflows of resources and amortized over the lesser of life of the refunded bonds or refunding debt.

Grant amounts received in advance of meeting timing requirements and advances of revenue from imposed non-exchange transactions such as property taxes or transactions recorded as a receivable prior to the period when resources are required to be used or are available, are reported as deferred inflows of resources at the fund level and are recognized as revenues at the government-wide level.
16. Other current assets are prepaid expenses that will benefit periods beyond August 31, 2018. This amount includes prepayment of merchandise received after August 31, 2018 using the purchasing method. In the fund financial statements, the reported amounts are equally offset by a fund balance nonspendable category. The general fund is and has been used to liquidate long-term liabilities other than debt.

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

- A. Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. Below are explanations of certain differences between the governmental fund balance sheet and the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of the reconciliation of the fund financial statements total ending fund balance to the government-wide total net position were as follows:

Total Fund Balances – Governmental Funds Balance Sheet	\$ 73,742,688
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The Internal Service Funds are used to charge for certain activities. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position. (Exhibit D-1)

16,497,737

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Note 8: Capital Assets Totals	640,159,614	
Less: Total Accumulated Depreciation	(226,004,841)	
Exclude Internal Service Fund Capital Assets	(257,219)	
Exclude Internal Service Fund Accumulated Depreciation	164,905	
Sub-total for Capital Assets	414,062,459	

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Note 11: General Obligation Bonds	(223,190,945)	
Issuance Premiums	(29,674,349)	
Capital Lease	(18,580,337)	
Accreted Interest	(2,099,551)	
Compensated Absences	(1,122,082)	
Note 9: Deferred Loss on Refunding	11,033,389	
Note 15: Accrued Expenses	(50,759)	
Note 10: Interest Payable	(399,937)	
Sub-total for Long-term Liabilities	(264,084,571)	

Net Position change due to the recognition of the District's proportionate share of the net pension liability required by GASB 68.

(51,640,599)

Net Position change due to the recognition of the District's proportionate share of the net OPEB liability required by GASB 75.

(177,401,755)

Other Reclassifications		
Unavailable Revenues		6,624,263

Net Position of Government Activities	\$ 17,800,222
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B. Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. The details of these adjustment are as follows:

Total Net Change in Fund Balances – Governmental Funds	\$ (22,262,380)
Amounts reported for governmental activities in the Statement of Net Position differ due to:	

To record loss on Internal Service Funds (Exhibit D-3)	(1,657,855)
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Current year Capital Outlays are expenditures in the fund financial statements, but they should be shown as increase in capital assets in the government-wide financial statements. The net effect of removing the 2018 capital outlays is to decrease net position.

Note 8: Capital Assets s	15,160,033	
Less: Total Accumulated Depreciation	(17,262,807)	
Exclude Internal Service Fund Capital Assets	(5,774)	
Exclude Internal Service Fund Accumulated Depreciation	25,702	
	(2,082,846)	

Current year Long-term debt principal payments, compensated absences, and related debt are expenditures in the fund financial statements, but they should be shown as reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2018 debt principal payments is to decrease net position.

Note 11: General Obligation Bonds	10,707,387	
Issuance Premiums	2,355,660	
Capital Lease	(1,146,412)	
Accreted Interest	2,572,823	
Compensated Absences	(10,167)	
Note 9: Deferred Loss on Refunding	(1,175,337)	
Note 15: Accrued Expenses	27,041	
Note 10: Interest Payable	181,093	
Sub-total Detailed Net effect for Long-term Liabilities	13,512,088	

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) Also included recognizing unavailable revenue from property taxes, adjusting current year revenue to show the revenue earned from the current year taxes. The net effect of these reclassifications is to decrease net position.

Sale of Property	(108,361)	
Unavailable Revenues	(154,529)	
Subtotal		(262,890)
Net Position change due to GASB 68 Accounting and Financial Reporting for Pensions		(2,290,199)
Net Position change due to GASB 75 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions		44,721,485
Change in Net Position of Government Activities		<u>\$ 29,677,403</u>

### C. Net Investments in Capital Assets

The net investments in capital assets includes all capital assets (including restricted capital assets) net of accumulated depreciation and reduced by outstanding balances of debt relating to the acquisition, construction, or improvement of these assets. The calculation is summarized below:

Capital Assets Net of Depreciation (Note 8, including Business-type Activities)	\$ 414,417,447
Changes in Long-term Liabilities (Note 11 - Subtotal)	(271,445,631)
Accrued Expenses (Note 15)	(50,759)
Deferred Charge on Refunding (Note 9)	11,033,389
Total	<u>\$ 153,954,446</u>

## III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and the Food Service Fund, which is included in the General Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit J-2 and J-3. The General Fund may include functions that normally pertain to the Debt Service Fund or the Food Service Fund, therefore the budgetary items on Exhibit C-5 may not correspond to the budgetary items on Exhibits J-2 or J-3.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. A summary of the proposed budget is posted on the District's website. The budget summary includes a comparison to the previous year's actual spending and information relating to per-student and aggregate spending on instruction, instructional support, central administration, district operations, debt service, and any other category designated by the commissioner.
4. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.

## B. FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures", violations of finance related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations, if applicable.

### *Expenditures Exceeding Appropriations*

For the year ended August 31, 2018, the District did not have expenditures exceeding appropriated amounts.

### *Deficit Fund Balances of Individual Funds or Deficit Net Position*

The District does not have funds with deficit fund balances. The District does have a deficit unrestricted net position in the Governmental Activities of \$150,554,851 at year end. The result of this negative balance is due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For more details see Note 13 and Note 23.

## IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

### NOTE 1 - DEPOSITS AND INVESTMENTS

#### District Policies and Legal and Contractual Provisions Governing Investments

##### **Compliance with the Public Funds Investment Act**

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (In Days)</u>	<u>Ratings</u>
BBVA Compass Bank	14,832,902	1	A-2
BBVA Compass - CD	15,750,000	344	A-2
TexTerm - Daily	9,497,712	1	AAA <sup>Am</sup>
TexTerm - Fixed	36,000,000	92	AAA <sup>f</sup>
TexTerm - Fixed	15,550,000	117	AAA <sup>f</sup>
BOK Financial – MM	<u>1,077,375</u>	1	BBB+
Total	<u>92,707,989</u>		

Statutes authorize the entity to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas and its agencies; (2) guaranteed or secured certificates of deposit issued by state and national banks domiciled in Texas; (3) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality not less than an "A"; (4) No load money market funds with a weighted average maturity of 90 days or less; (5) fully collateralized repurchase agreements; (6) commercial paper having a stated maturity of 270 days or less from the date of issuance and is not rated not less than A-1 or P-1 by two nationally recognized credit rating agencies or one nationally recognized credit agency and is fully secured by an irrevocable letter of credit; (7) secured corporate bonds rated not lower than "AA-" or the equivalent; (8) public funds investment pools; and (9) guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. La Joya Independent School District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2018, La Joya Independent School District had the following cash, cash equivalents and current investments as classified in the accompanying financial statements are as follows:

Primary Government (Exhibit A-1)	\$ 91,515,319
Agency Funds (Exhibit E-1)	<u>\$ 1,192,670</u>
Total	\$ 92,707,989

Cash and investments as of August 31, 2018 consist of the following.

<b>Investment Type</b>	<b>Investment Maturities (in years)</b>			<b>Rating S&amp;P</b>	<b>Exposure</b>
	<b>Market Value</b>	<b>Less than 1</b>	<b>1-5</b>		
BBVA Compass Bank				A-2	16.00%
Governmental Funds	\$ 12,916,383	X			
Internal Service Funds	854,695	X			
Agency Funds	1,057,590	X			
Enterprise Funds	4,234	X			
BBVA Compass Bank - CD				A-2	16.99%
Governmental Funds	\$ 14,000,000		X		
Internal Service Funds	1,750,000		X		
TexTerm Investment Pool - Daily				AAAm	10.25%
Government Funds	8,995,812	X			
Internal Service Funds	366,820	X			
Agency Funds	135,080	X			
TexTerm Investment Pool – Term Fixed				AAAf	55.60%
Government Funds	36,000,000	X			
Internal Service Funds	15,550,000	X			
BOK Financial – Money Market				BBB+	1.16%
Governmental Funds	1,077,375	X			
Total District Cash Equivalents and Investments	\$ 92,707,989				

At August 31, 2018, the District's investments were comprised of collateralized certificates of deposits, money market savings accounts, and local government investment pools.

TexasTERM, Local Government Investment Pool: TexasTERM operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexasTERM uses amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in the pool is the same as the value of the shares in each pool. Financial information for TexasTERM can be accessed on the internet (<http://www.texterm.net>).

TexasTERM is organized under the authority of the Inter-local Cooperation Act, Chapter 791, Texas Government Code and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexasTERM is governed by a board of directors; PFM Asset Management LLC, act as the investment manager under agreement with the TexasTERM Advisory Board. In addition, the Advisory Board advises on the investment policies. This advisory board is composed of participants in TexasTERM and other persons who do not have a business relationship with the portfolios who are qualified to provide oversight.

Additional policies and contractual provisions governing deposits and investments for La Joya ISD are specified below:

**Credit Risk** State law limits investments in commercial paper to not less than A1-P1 or equivalent rating by at least two nationally recognized credit agencies. The District's investments to Obligations of governmental entities, Certificates of Deposits, Fully collateralized repurchase agreements, securities lending program, Banker's acceptances, commercial paper, no-load money market mutual funds and no-load mutual funds, Public Funds Investment Pools and Guaranteed Investment Contracts, collateralized by U.S. Government Securities. As of August 31, 2018, the district's investments were secured by Irrevocable Standby Letter of Credit issued by the Federal Home Loan Bank of Dallas. The District's investments in BBVA Compass was rated A-2, TexTerm Daily and Fixed, were rated AAAM and AAAF, respectively, and BOK Financial Money Market was rated BBB+. All ratings by Standard & Poor's (S&P).

**Custodial Credit Risk for Deposits** State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has no custodial credit risk for deposits.

As of August 31, 2018, The District's bank balance of cash deposits, including money markets and certificate of deposit totaled \$33,747,035 and collateralized in the amount of \$54,000,000. This collateralized amount consist of letters of credit and covered by the FDIC insurance.

In addition, the following disclosure regarding coverage of combined balances on the date of the highest cash balance:

- Depository: BBVA Compass
- Letters of Credit as of the date of the highest balance: \$74,500,000
- Largest cash, savings, money market, certificate of deposits combined amounted to \$71,247,858 and occurred during March 2018.
- Total amount of FDIC coverage at the time of the largest combined balance was \$250,000

**Concentration of Credit Risk** To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the investment portfolio shall be diversified in terms of investment instruments maturity scheduling, and financial institutions. To further limit the risk all of the District investments are collateralized by Irrevocable Standby Letter of Credit issued by the Federal Home Loan Bank of Dallas. As of August 31, 2018, the District had 32.99% of its investments in BBVA Compass Bank rated A-2 as noted above, 65.85% invested in TexTERM rated AAAM, AAAF, and FDIC Insured, and 1.16% invested in BOK Financial Money market rated BBB+.

**Fair Value Measurement** The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

The District's investments in public funds investment pools are not required to be measured at fair value but are measured at amortized cost.

**Interest Rate Risk** The District's investment policy is to reduce exposure to changes in interest rates that could adversely affect the value of investments. The District requires that the investments shall be monitored by using the weighted average maturity and specific identification. The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment. The District's strategy is that no individual transaction shall be undertaken that jeopardizes the total overall investment portfolio.

**Foreign Currency Risk** At year-end, the District was not exposed to foreign currency risk.

## NOTE 2 - PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

## NOTE 3 - DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

## NOTE 4 - DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2018, were as follows:

	Property Taxes	Due from Other Governments	Due From Other Funds	Other	Total Receivables
General Fund	\$ 7,134,324	\$ 11,568,979	\$ 6,047,604	\$ 334,116	\$ 25,085,023
Debt Service Fund	853,230	-	3,825,616	74	4,678,920
Nonmajor Governmental Funds	-	7,216,585	-	46,380	7,262,965
Internal Service Funds	-	-	-	369,204	369,204
Enterprise Funds	-	-	89,152	10,444	99,596
Trust & Agency Fund	-	-	-	6,647	6,647
Total - Governmental Activities	<u>7,987,554</u>	<u>18,785,564</u>	<u>9,962,372</u>	<u>766,865</u>	<u>37,502,355</u>
Less: Allowance for Uncollectible	<u>(\$ 1,363,291)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$1,363,291)</u>
<b>Net Total Receivables</b>	<u><b>\$ 6,624,263</b></u>	<u><b>\$ 18,785,564</b></u>	<u><b>\$ 9,962,372</b></u>	<u><b>\$ 766,865</b></u>	<u><b>\$ 36,139,064</b></u>

Payables at August 31, 2018, were as follows:

	Accounts Payable	Loans, Leases and Bonds Payable - Current Year	Salaries and Benefits	Due To Other Funds	Due to Other Governments	Other	Total Payables
General Fund	\$ 2,273,960	\$ -	\$ 8,917,218	\$ 3,914,768	\$ 4,442,155	\$ 204,778	\$ 19,752,879
Debt Service Fund	-	-	-	-	3,974,316	-	3,974,316
Nonmajor Governmental Funds	237,479	-	986,312	6,046,001	-	189,271	7,459,063
Internal Service Funds	2,483,693	-	-	1,603	-	-	2,485,296
Enterprise Funds	95,538	1,763	1,981	-	3,226	6,305	108,813
Trust & Agency Fund	<u>319,318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>879,999</u>	<u>1,199,317</u>
Total - Gov. Activities	<u><b>\$ 5,409,988</b></u>	<u><b>\$ 1,763</b></u>	<u><b>\$ 9,905,511</b></u>	<u><b>\$ 9,962,372</b></u>	<u><b>\$ 8,419,697</b></u>	<u><b>\$ 1,280,353</b></u>	<u><b>\$ 34,979,684</b></u>

## NOTE 5 - INTERFUND BALANCES

Inter-fund activity results from loans, services provided, reimbursements or transfers between funds. These balances resulted from the lag time between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between the funds are made. All amounts are repaid within one year.

Inter-fund balances at August 31, 2018, consisted of the following amounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	6,046,001
General Fund	Internal Service Fund	1,603
Debt Service	General Fund	3,825,616
Nonmajor Enterprise Funds	General Fund	<u>89,152</u>
Total		<u>\$9,962,372</u>

## NOTE 6 - DUE TO AND FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due to and from federal and state governments as of August 31, 2018, are detailed below.

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<i><u>Due from Other Governments:</u></i>			
Federal/State Entitlements:			
Texas Education Agency	8,231,479	6,959,585	15,191,064
National School Lunch/Breakfast	1,182,284	-	1,182,284
SHARS	2,135,354	-	2,135,354
Federal Agency (JROTC)	9,486	-	9,486
Other	<u>10,376</u>	<u>257,000</u>	<u>267,376</u>
Total	<u>11,568,979</u>	<u>7,216,585</u>	<u>18,785,564</u>

	<u>General Fund</u>	<u>Debt Service Funds</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
<i><u>Due to Other Governments:</u></i>				
Due to State of Texas	<u>4,442,155</u>	<u>3,974,316</u>	<u>3,226</u>	<u>8,419,697</u>
Total	<u>4,442,155</u>	<u>3,974,316</u>	<u>3,226</u>	<u>8,419,697</u>

## NOTE 7 - INVENTORY

As of August 31, 2018, the District inventory is as follows:

### Governmental Activities

Food Service Supplies and Materials	\$ 641,171
USDA Commodities	200,273
Supplies and Materials	451,767
Facilities	565,620
Bus Parts	<u>733,768</u>
Total Governmental Activities	2,592,599

### Business-Type Activities

Sports & Learning Complex – Dining Room	\$ 99
Golf Course – Pro Shop	4,477
Golf Course – Dining Room	<u>407</u>



Total Business-Type Activities 4,983

Total Primary Government Inventory (Exhibit A-1) \$ 2,597,582

The equal inventory dollar amount is recorded as nonspendable fund balance less the USDA Commodities based on the Texas Education Agency Financial Accounting Resource Guide and GASB 33.

## NOTE 8 - CAPITAL ASSET ACTIVITY

Capital asset activity for the District's Governmental and Business-Type Activities for the year ended August 31, 2018, was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Adjustments</b>	<b>*</b>	<b>Ending Balance</b>
Capital Assets, not being depreciated:						
1510 Land	21,489,202	-	(77,637)	-	-	21,411,565
1580 Construction in Progress	27,050,705	316,179	-	(22,001,826)	-	5,365,058
Subtotal	48,539,907	316,179	(77,637)	(22,001,826)	-	26,776,623
Capital Assets being depreciated:						
1520 Buildings	518,606,811	3,695,146	-	22,001,826	-	544,303,783
1530 Furniture and Equipment	46,032,054	741,204	(996,461)	-	-	45,776,797
1560 Library Books and Media	451,404	-	-	-	-	451,404
Capital Lease						
1550 Leased Property	11,369,405	11,482,160	(558)	-	-	22,851,007
Subtotal	576,459,674	15,918,510	(997,019)	22,001,826	-	613,382,991
Totals at Historic Cost	624,999,581	16,234,689	(1,074,656)	-	-	640,159,614
Less Accumulated Depreciation for:						
1520 Buildings	169,568,471	14,139,072	-	-	-	183,707,543
1530 Furniture and Equipment	35,161,290	2,730,642	(996,461)	-	1	36,895,472
1560 Library Books and Media	395,056	56,348	-	-	-	451,404
1550 Leased Property	3,617,217	1,333,764	(558)	-	-	4,950,423
Total Accumulated Depreciation	208,742,034	18,259,826	(997,019)	-	1	226,004,842
Total Capital Assets being Depreciated(Net)	367,717,640	(2,341,316)	-	22,001,826	(1)	387,378,149
Governmental Activities Capital Assets, Net	416,257,547	(2,025,137)	(77,637)	-	(1)	414,154,772

In the adjustments column above, the amount of \$22,001,826 in Construction in Progress is due to projects which initiated in previous years and completed in the current fiscal year, therefore are now being recognized as capital assets. (\* Denotes Rounding Adjustment)

Internal Service Fund capital assets detailed below are included with the Governmental Activities in the Statement of Net Position and are included in the previous recap of governmental activities capital assets.

<b>Internal Service Fund</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Adjustments</b>	<b>*</b>	<b>Ending Balance</b>
1530 Furniture and Equipment	227,856	5,774	-	-	(1)	233,629
Capital Lease						
1550 Leased Property	23,589	-	-	-	-	23,589
Totals at Historic Cost	251,445	5,774	-	-	(1)	257,218
Less Accumulated Depreciation for:						
1530 Furniture and Equipment	115,614	25,702	-	-	-	141,316
1550 Leased Property	23,589	-	-	-	-	23,589
Total Accumulated Depreciation	139,203	25,702	-	-	-	164,905
Net Capital Assets	112,242	(19,928)	-	-	(1)	92,313

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Adjustments</b>	<b>*</b>	<b>Ending Balance</b>
Capital Lease						
1520 Buildings	75,035	-	-	-	1	75,036
1530 Furniture and Equipment	114,849	161,775	-	-	-	276,624
Totals at Historic Cost	189,884	161,775	-	-	1	351,660
Less Accumulated Depreciation for:						
1520 Buildings	5,315	1,876	-	-	-	7,191
1530 Furniture and Equipment	51,948	29,846	-	-	-	81,794
Total Accumulated Depreciation	57,263	31,722	-	-	-	88,985
Business-Type Activities Capital Assets, Net	132,621	130,053	-	-	1	262,675

**\* Denotes Rounding Adjustment**

Depreciation expense was charged to governmental functions as follows:

6011-Instruction	9,357,622
6012-Instructional Resources and Media Services	425,581
6013-Curriculum Development and Instructional Staff Development	432,809
6021-Instructional Leadership	276,157
6023-School Leadership	1,042,220
6031-Guidance, Counseling, and Evaluation Services	807,317
6032-Social Work Services	176,830
6033-Health Services	205,594
6034-Student (Pupil) Transportation	618,889
6035-Food Services	1,202,964
6036-Co-Curricular/Extracurricular Activities	722,207
6041-General Administration	550,658
6051-Plant Maintenance and Operations	1,931,982
6052-Security and Monitoring Service	365,514
6053-Data Processing Services	78,099
6061-Community Services	65,383
Total Depreciation Expense	<u>\$18,259,826</u>

**NOTE 9 - DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

On the Governmental Fund Balance Sheet (Exhibit C-1), the District has the following Deferred Inflows of Resources:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Unavailable Revenue – Property Taxes	\$5,916,486	\$707,777	\$6,624,263

On the Statement of Net Position (Exhibit A-1), the District reports cumulative deferred charges on refunding as Deferred Outflow of Resources in the amount of \$11,033,389 which is net of cumulative amortization of \$1,175,337.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Deferred Loss on refunding 2010	757,316	-	(151,462)	605,854
Deferred Loss on refunding 2011	1,178,850	-	(147,356)	1,031,494
Deferred Loss on refunding 2012	6,444,454	-	(379,085)	6,065,369
Deferred Loss on refunding 2013 (Taxable)	811,009	-	(162,201)	648,808
Deferred Loss on refunding 2014	2,620,847	-	(291,205)	2,329,642
Deferred Loss on refunding 2017	<u>396,250</u>	<u>-</u>	<u>(44,028)</u>	<u>352,222</u>
Total	<u>12,208,726</u>	<u>-</u>	<u>(1,175,337)</u>	<u>11,033,389</u>

Refer to Note 12 and 13 for TRS related deferred inflows and deferred outflows.

## NOTE 10 - BONDS AND LONG-TERM OBLIGATIONS

Bonded debt will be paid by the Debt Service Fund. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. A summary of changes in long-term debt for the year ended August 31, 2018 is as follows:

DESCRIPTION	INTEREST RATE PAYABLE	AMOUNTS ORIGINAL ISSUE	INTEREST CURRENT YEAR	PAYABLE AMOUNTS OUTSTANDING 09-01-17	ISSUED	RETIRED	OUTSTANDING 08-31-2018
Unlimited Tax Refunding Bonds Series 1992	5.27%	7,543,170	1,947,496	17,504	-	17,504	-
Unlimited Tax School Building Bonds Series 2008	3.25% - 4.50%	93,999,996	43,100	2,155,000	-	2,155,000	-
Unlimited Tax Refunding Bonds Series 2010	2.00% - 4.50%	25,015,000	557,338	13,825,000	-	2,265,000	11,560,000
Unlimited Tax Refunding Bonds Series 2011	2.00% - 4.00%	17,253,266	573,038	15,978,265	-	215,000	15,763,265
Unlimited Tax Refunding Bonds Series 2012	3.50% - 5.00%	65,965,000	2,941,575	65,115,000	-	2,255,000	62,860,000
Unlimited Tax Refunding Bonds Series 2013	2.00% - 5.00%	87,847,680	3,386,550	85,637,680	-	580,000	85,057,680
Unlimited Tax Refunding Bonds Series 2013 (Taxable)	2.00% - 3.50%	20,239,883	2,129,989	14,089,883	-	3,219,883	10,870,000
Unlimited Tax Refunding Bonds Series 2014	2.00% - 5.00%	35,540,000	1,422,650	29,315,000	-	-	29,315,000
Unlimited Tax Refunding Bonds Series 2017	2.00% - 4.00%	7,765,000	253,017	7,765,000	-	-	7,765,000
Total			13,254,753	233,898,332	-	10,707,387	223,190,945

### Part I: Series 2011 CAB Accreted Values

Per \$5K Maturity:			Total CAB Accreted Values:					
Maturity Date	Payment at Maturity	Number of CABS	Accreted Value at 8/15/2016	Accreted Value at 8/15/2017	Accreted Value at 8/15/2018	Accreted Value 8/15/2016	Accreted Value 8/15/2017	Accreted Value 8/15/2018
2/15/2020	\$ 2,685,000	537	\$ 3,013.70	\$ 3,482.75	\$ 4,024.75	\$ 1,618,356.90	\$ 1,870,236.75	\$ 2,161,290.75
	Subtotal					\$ 1,618,356.90	\$ 1,870,236.75	\$ 2,161,290.75
Less CAB	Principal					(808,265.55)	(808,265.55)	(808,265.55)
Total Accreted Interest						\$ 810,091.35	\$ 1,061,971.20	\$ 1,353,025.20

The Total Accreted Value for the Series 2011 Capital Appreciation Bonds at August 31, 2018, is \$2,161,290.75. The Accreted Values of the Series 2011 Capital Appreciation Bonds includes the principal amount of \$808,265.55 and \$1,353,025.20 in accreted interest as of August 31, 2018.

### Part I: Series 2013 CAB Accreted Values

Per \$5K Maturity:			Total CAB Accreted Values:					
Maturity Date	Payment at Maturity	Number of CABS	Accreted Value at 8/15/2016	Accreted Value at 8/15/2017	Accreted Value at 8/15/2018	Accreted Value 8/15/2016	Accreted Value 8/15/2017	Accreted Value 8/15/2018
2/15/2029	\$8,265,000	1653	\$ 243.45	\$ 310.05	\$ 394.85	\$ 402,422.85	\$ 512,512.65	\$ 652,687.05
2/15/2030	\$5,830,000	1166	\$ 191.15	\$ 243.45	\$ 310.05	\$ 222,880.90	\$ 283,862.70	\$ 361,518.30
	Subtotal					\$ 625,303.75	\$ 796,375.35	\$ 1,014,205.35
Less CAB	Principal					(267,679.70)	(267,679.70)	(267,679.70)
Total Accreted Interest						\$ 357,624.05	\$ 528,695.65	\$ 746,525.65

The Total Accreted Value for the Series 2013 Capital Appreciation Bonds at August 31, 2018, is \$1,014,205.35. The Accreted Values of the Series 2013 Capital Appreciation Bonds includes the principal amount of \$267,679.70 and \$746,525.65 in accreted interest as of August 31, 2018.

### **Advance Refundings**

In 2017, the district refunded the following:

Unlimited Tax Refunding Bonds – Series 2010	4,670,000
Total	<u>\$ 4,670,000</u>

The district issued \$7,765,000 in Unlimited Tax Refunding Bonds – Series 2017 to provide resources to cover the costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The aggregate difference between the refunding debt and refunded debt is \$663,696. The economic gain on this transaction is a net present value of \$611,707. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements.

As of August 31, 2018, \$4,670,000 of outstanding bonds is considered defeased.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2018.

Debt service requirements for bonds and capital leases are as follows:

<u>Year Ended August 31,</u>	<u>General Obligations</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2019	12,725,000	9,123,574	21,848,574
2020	11,358,266	10,539,753	21,898,019
2021	13,670,000	8,203,069	21,873,069
2022	14,225,000	7,661,988	21,886,988
2023	14,985,000	7,044,750	22,029,750
2024-2028	59,045,000	26,377,775	85,422,775
2029-2033	51,127,679	28,609,445	79,737,124
2034-2038	<u>46,055,000</u>	<u>2,854,437</u>	<u>48,909,437</u>
Total	<u>223,190,945</u>	<u>100,414,791</u>	<u>323,605,736</u>

**Interest Payable.** For the government wide statement of net position, the District is recognizing as interest payable the amount of \$399,937, as of August 31, 2018 compared to \$581,030 last year. This amount is derived by amortizing \$9,123,574 for 16 days in August.

Below is a listing of the Series 2011 CAB Accreted Values as of August 31, 2018. Accreted Interest is included in the interest column above.

<b>Year Ended</b>	<b>Accreted Interest</b>
<b>February</b>	
<b>15,</b>	
2020	<u>1,353,025</u>
Total	<u>1,353,025</u>

Below is a listing of the Series 2013 CAB Accreted Values as of August 31, 2018. Accreted Interest is included in the interest column above.

<b>Year Ended</b>	<b>Accreted Interest</b>
<b>February</b>	
<b>15,</b>	
2029	480,423
2030	<u>266,103</u>
Total	<u>746,526</u>

La Joya ISD entered into a Capital Lease contract with U.S. Bancorp Government Leasing and Finance Inc. to acquire school buses, technology equipment and telephone system. The original cost of the equipment was \$5,500,000 and is to be paid over a period of five years beginning in 2016-2017 fiscal year.

Capital Lease Payment Schedule			
Year Ended August 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2019	1,099,716	49,776	1,149,492
2020	1,117,564	31,928	1,149,492
2021	<u>1,135,704</u>	<u>13,788</u>	<u>1,149,492</u>
Total	<u>\$ 3,352,984</u>	<u>\$ 95,492</u>	<u>\$ 3,448,476</u>

La Joya ISD entered into a Capital Lease contract with Texas Capital Bank, N.A. in connection with Performance Services of Texas, Inc. for various energy conservation measures including lighting upgrades, HVAC controls, windows and other items as per Texas Education Code 44.901 utilizing the Inter-local Purchasing System Contract #170103 for Phase I of the Guaranteed Energy Savings. The original cost of the equipment was \$12,998,791 and is to be paid over a period of fifteen years beginning 2018-2019 fiscal year.

Capital Lease Payment Schedule			
Year Ended August 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2019	529,222	592,042	1,121,264
2020	718,497	402,767	1,121,264
2021	741,704	379,560	1,121,264
2022	765,661	355,603	1,121,264
2023	790,392	330,872	1,121,264
2024-2028	4,351,804	1,254,517	5,606,321
2029-2033	<u>5,101,511</u>	<u>504,809</u>	<u>5,606,320</u>
Total	<u>\$ 12,998,791</u>	<u>\$ 3,820,170</u>	<u>\$ 16,818,961</u>

La Joya ISD entered into a Capital Lease contract with Government Capital Corporation (GCC) for the purpose of financing "Police Vehicles". The original cost of the equipment was \$748,740 and is to be paid over a period of seven years beginning 2018-2019 fiscal year.

Capital Lease Payment Schedule			
Year Ended August 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2019	111,737	9,661	121,398
2020	96,108	25,289	121,397
2021	99,924	21,474	121,398
2022	103,891	17,507	121,398
2023	108,015	13,382	121,397
2024-2025	<u>229,065</u>	<u>13,729</u>	<u>242,794</u>
Total	<u>\$ 748,740</u>	<u>\$ 101,042</u>	<u>\$ 849,782</u>

La Joya ISD entered into a Capital Lease contract with Government Capital Corporation (GCC) for the purpose of financing "Maintenance and Police Vehicles". The original cost of the equipment was \$620,250 and is to be paid over a period of seven years beginning 2018-2019 fiscal year.

Capital Lease Payment Schedule			
Year Ended August 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2019	80,629	19,414	100,043
2020	83,152	16,890	100,042
2021	85,755	14,288	100,043
2022	88,439	11,603	100,042
2023	91,207	8,835	100,042
2024-2025	<u>191,068</u>	<u>9,017</u>	<u>200,085</u>
Total	<u>\$ 620,250</u>	<u>\$ 80,047</u>	<u>\$ 700,297</u>

La Joya ISD entered into a Capital Lease contract with Government Capital Corporation (GCC) for the purpose of financing "Maintenance and Police Vehicles". The original cost of the equipment was \$701,554 and is to be paid over a period of seven years beginning 2018-2019 fiscal year.

Capital Lease Payment Schedule			
Year Ended August 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2019	91,013	22,429	113,442
2020	93,922	19,519	113,441
2021	96,925	16,516	113,441
2022	100,024	13,418	113,442
2023	103,221	10,220	113,441
2024-2025	<u>216,449</u>	<u>10,434</u>	<u>226,883</u>
Total	<u>\$ 701,554</u>	<u>\$ 92,536</u>	<u>\$ 794,090</u>

La Joya ISD entered into a Capital Lease contract with Customer and VAR Technology Finance for the purpose of financing The Cisco Email Security Suite (CES) which is a Software As A Service (SAAS) solution offered by Cisco, a leader in IT networking and security. It consists of an email spam/malware filter, data loss prevention tools, Cisco Umbrella Domain Name System (DNS) gateway service and Cisco Advanced Malware Protection (AMP) agents for critical systems. This solution will offer users of our Office365 email suite with enhanced protection from evolving email security threats such as viruses, malware, and ransomware. The original cost of the equipment was \$237,026 and is to be paid over a period of three years beginning 2017-2018 fiscal year.

Capital Lease Payment Schedule			
Year Ended August 31,	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2019	79,009	2,322	81,331
2020	<u>79,009</u>	<u>2,322</u>	<u>81,331</u>
Total	<u>\$ 158,018</u>	<u>\$ 4,644</u>	<u>\$ 162,662</u>

Recap of Debt requirements, excluding compensated absences:

	<u>Total</u>
Due Within One Year	14,716,326
Due in More Than One Year	<u>229,154,507</u>
Total Debt Requirements	<u>\$ 243,870,833</u>

## NOTE 11 - CHANGES IN LONG-TERM OBLIGATIONS

Long-term activity for the year ended August 31, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds	<u>233,898,332</u>	<u>-</u>	<u>10,707,387</u>	<u>223,190,945</u>	<u>12,725,000</u>
Subtotal General Obligation Bonds	<u>233,898,332</u>	<u>-</u>	<u>10,707,387</u>	<u>223,190,945</u>	<u>12,725,000</u>
Premium on 2017 Bond Issue	821,862	-	91,318	730,544	-
Premium on 2014 Bond Issue	4,333,438	-	481,493	3,851,945	-
Premium on 2013 (Taxable) Bond Issue	972,174	-	194,434	777,740	-
Premium on 2013 Bond Issue	16,281,881	-	775,328	15,506,553	-
Premium on 2012 Bond Issue	7,351,836	-	435,662	6,916,174	-
Premium on 2011 Bond Issue	1,321,855	-	165,232	1,156,623	-
Premium on 2010 Bond Issue	918,464	-	183,694	734,770	-
Premium on 2008 Bond Issue	28,499	-	28,499	-	-
Capital Lease	4,435,134	-	1,082,150	3,352,984	1,099,716
Capital Lease	12,998,791	-	-	12,998,791	529,222
Capital Lease	-	748,740	-	748,740	111,737
Capital Lease	-	620,250	-	620,250	80,629
Capital Lease	-	701,554	-	701,554	91,013
Capital Lease	-	237,027	79,009	158,018	79,009
Subtotal	<u>283,362,266</u>	<u>2,307,571</u>	<u>14,224,206</u>	<u>271,445,631</u>	<u>14,716,326</u>
Accretion on 1992 Capital Appreciation	1,819,508	-	1,819,508	-	-
Accretion on 2011 Capital Appreciation	1,061,971	291,054	-	1,353,025	-
Accretion on 2013 Capital Appreciation	528,696	217,830	-	746,526	-
Accretion on 2013 (Taxable) Cap. Appr.	<u>1,262,199</u>	<u>-</u>	<u>1,262,199</u>	<u>-</u>	<u>-</u>
Sub-Total Direct Debt	<u>288,034,640</u>	<u>2,816,455</u>	<u>17,305,913</u>	<u>273,545,182</u>	<u>14,716,326</u>
Compensated Absences	1,111,915	267,587	257,420	1,122,082	78,070
Changes in Governmental Activities	<u>289,146,555</u>	<u>3,084,042</u>	<u>17,563,333</u>	<u>274,667,264</u>	<u>14,794,396</u>

Compensated Absences are paid from the General Fund and the Federal and State Fund as applicable.

## NOTE 12 - DEFINED BENEFIT PENSION PLAN

**Plan Description.** The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or calling 1-800-223-8778.

All employees of public, state-supported educational institutions in Texas who are employed for one half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position.** Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**Benefits Provided.** TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

**Contributions.** Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83<sup>rd</sup> Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 84<sup>th</sup> Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017. Contribution rates can be found in the TRS 2017 CAFR, Note 12, on page 88.

<b>Contribution Rates</b>		
	<u><b>2017</b></u>	<u><b>2018</b></u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2018 Employer Contributions		\$ 6,932,392
District's 2018 Member Contributions		\$15,893,163
2017 Measurement Year NECE On-Behalf Contributions		\$ 9,830,142

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment
- When any part or all of an employee's salary is paid by federal funding source or a privately sponsored source.



In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

**Actuarial Assumptions.** The total pension liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions. Actuarial Assumptions can be found in the 2017 TRS CAFR, Note 12, page 90.

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Inflation	2.5%
Salary Increases*	3.5% to 9.5%
Payroll Growth Rate	2.50%
Benefit Changes During the Year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

**Discount Rate.** The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2017 (see page 62 of the TRS CAFR) are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return* Return*
<b>Global Equity</b>			
U.S	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
<b>Stable Value</b>			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
<b>Real Return</b>			

Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy and Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
<b>Risk Parity</b>			
Risk Parity	<u>5%</u>	<u>6.7%</u>	<u>0.3%</u>
Inflation Expectations			2.2%
Alpha			<u>1.0%</u>
<b>Total</b>	<u>100%</u>		<u>8.7%</u>

\* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2017 Net Pension Liability. The discount rate can be found in the 2017 TRS CAFR, Note 12, page 91.

	1% Decrease In Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase In Discount Rate (9.0%)
Proportionate share of the net pension liability:	\$108,809,261	\$64,544,492	\$27,686,888

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At August 31, 2018, La Joya Independent School District reported a liability of \$64,544,492 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's Proportionate share of the collective net pension liability	\$ 64,544,492
State's proportionate share that is associated with the District	<u>\$ 96,104,907</u>
Total	<u>\$160,649,399</u>

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
District's Proportionate of the collective Net Pension Liability	\$ 73,196,619	(\$ 2,036,279)	\$ 6,615,848	\$ 64,544,492

The net pension liability was measured as of August 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective net pension liability was 0.201861845% which was an increase of 0.0081609731% from its proportion measured as of August 31, 2016.

**Changes Since the Prior Actuarial Valuation** – There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2018, La Joya Independent School District recognized pension expense of \$16,553,091 and revenue of \$7,330,500 for support provided by the State in the Government Wide Statement of Activities.

At August 31, 2018, La Joya Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 944,315	\$ 3,480,800
Changes in actuarial assumptions	2,940,104	1,683,141
Difference between projected and actual investment earnings	-	4,703,862
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>11,959,834</u>	<u>4,949</u>
Total as of August 31, 2017 measurement date	\$ 15,844,253	\$ 9,872,752
Contributions paid to TRS subsequent to the measurement date	6,932,392	-
Total as of August 31, 2018	<u>\$ 22,776,645</u>	<u>\$ 9,872,752</u>

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,	Pension Expense Amount
2019	\$ 631,710
2020	4,751,752
2021	315,160
2022	(834,724)
2023	853,899
Thereafter	\$ 253,704

#### NOTE 13 – DEFINED OTHER POST-EMPLOYMENT BENEFIT PLAN

**Plan Description.** The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

**OPEB Plan Fiduciary Net Position.** Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Components of the net OPEB liability of the TRS-Care plan as of August 31, 2017 are as follows:

<u>Net OPEB Liability</u>	<u>Total</u>
Total OPEB Liability	\$ 43,885,784,621
Less: plan fiduciary net position	<u>399,535,986</u>
Net OPEB liability	<u>\$ 43,486,248,635</u>
Net position as a percentage of total OPEB liability	
0.91%	

**Benefits Provided.** TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

TRS-Care Plan Premium Rates Effective Sept. 1, 2016 - Dec. 31, 2017			
	TRS Care-1 Basic Plan	TRS Care-2 Optional Plan	TRS Care-3 Optional Plan
Retiree*	\$ 0	\$ 70	\$ 100
Retiree and Spouse	20	175	255
Retiree* and Children	41	132	182
Retiree and Family	61	237	337
Surviving Children Only	28	62	82
*or surviving spouse			

**Contributions.** Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	<u>2017</u>	<u>2018</u>
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.00%	1.25%
Employers	0.55%	0.75%
Federal/private Funding Remitted by Employers	1.00%	1.25%
District's 2018 FY Employer Contributions	\$ 3,415,458	
District's 2018 FY Member Contributions	\$ 15,893,163	
2017 Measurement Year NECE On-Behalf Contributions	\$ 1,783,379	

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS-Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$15.6 million in fiscal year 2017. House Bill 21 was passed in special session and provided a supplemental appropriation in the amount of \$212 million in fiscal year 2018.

The District's proportionate share of the \$212,000,000 received during the district's 2018 fiscal year is reported in the fund level financial statements as an on-behalf contribution as required by GASB 85 and GASB 24.

**Actuarial Assumptions.** The total OPEB liability in the August 31, 2017 actuarial valuation was determined using the following actuarial assumptions: [Actuarial Assumptions can be found in the 2017 TRS CAFR, Note 10, page 82]. The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including mortality, and most of the economic assumptions are identical to those which were adopted by the Board in 2015 and are based on the 2014 actuarial experience study of TRS.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2015 TRS of Texas Healthy Pensioner Mortality Tables.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

**Additional Actuarial Methods and Assumptions:**

Valuation Date	August 31, 2017
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.50%
Discount Rate	3.42%
Aging Factors	Based on Plan Specific Experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Projected Salary Increases	3.50% - 9.50%
Healthcare Trend Rates	4.50% - 12.00%
Election Rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65.
Ad-hoc Post Employment Benefit Changes	None

*\*Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2017.*

*\*\*Includes inflation at 2.50%*

*\*\*\*Initial trend rates are 7.00% for non-Medicare retirees; 10.00% for Medicare retirees and 12.00% for prescriptions for all retirees. Initial trend rates decrease to an ultimate trend rate of 4.50% over a period of 10 years.*

**Discount Rate.** A single discount rate of 3.42% was used to measure the total OPEB liability. There was a change of .44 percent in the discount rate since the previous year. The Discount Rate can be found in the 2017 TRS CAFR on page 83. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2017.

**Sensitivity of the Net OPEB Liability:**

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.42%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.42%)	Discount Rate (3.42%)	1% Increase in Discount Rate (4.42%)
District's proportionate share of the Net OPEB Liability:	\$ 150,484,715	\$ 127,502,595	\$ 109,030,152

**Healthcare Cost Trend Rates Sensitivity Analysis** - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the Net OPEB Liability:	\$ 106,158,648	\$ 127,502,595	\$ 155,508,543

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs.** At August 31, 2018, La Joya Independent School District reported a liability of \$127,502,595 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with La Joya Independent School District were as follows:

District's Proportionate share of the collective net OPEB liability	\$ 127,502,595
State's proportionate share that is associated with the District	<u>149,167,687</u>
Total	<u>\$276,670,282</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
District's Proportionate Share of collective net OPEB Liability	\$ 225,099,391	(\$96,072,435)	\$ 1,524,361	\$127,502,595

The Net OPEB Liability was measured as of August 31, 2017 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2016 thru August 31, 2017.

At August 31, 2017 the employer's proportion of the collective Net OPEB Liability was 0.2932021014%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2016. The Notes to the Financial Statements stated that the change in proportion was immaterial and, therefore, disregarded this year.

For the year ended August 31, 2018, La Joya Independent School District recognized OPEB expense of \$91,221,502 and revenue of \$49,915,475 for support provided by the State.

At August 31, 2018, La Joya Independent School District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual actuarial experience	\$ -	\$ 2,661,713
Changes in actuarial assumptions	-	50,672,863
Net Difference between projected and actual investment earnings	19,368	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	<u>590</u>	<u>-</u>
Total as of August 31, 2017 Measurement Date	\$ 19,958	\$ 53,334,576
Contributions paid to TRS subsequent to the measurement date	<u>3,415,458</u>	<u>-</u>
Total	<u>\$ 3,435,416</u>	<u>\$ 53,334,576</u>

The net amounts of the employer's balances of deferred outflows and inflows (not including the deferred contribution paid subsequent to the measurement date) of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2019	\$ (7,034,926)
2020	\$ (7,034,926)
2021	\$ (7,034,926)
2022	\$ (7,034,926)
2023	\$ (7,039,768)
Thereafter	\$ (18,135,146)

### **Medicare Part D – On Behalf Payments for Reporting Entities**

**Funding Policy.** The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries, also known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. The amount of subsidy reimbursement received by TRS on behalf of the District for the year ended August 31, 2018 was \$819,197.

### **NOTE 14 - HEALTH CARE COVERAGE**

**[GASB 2300.106d]** The District sponsors a modified self-insurance plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Health Insurance Fund (the "Fund"), an internal service fund of the District and are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Partial staff member contributions are required for personal coverage and total staff member contributions are required for coverage of dependents. The District obtained excess loss insurance which limited annual claims paid from the Fund for the year ended August 31, 2018, to \$365,000 for any individual participant.

Estimates of claims payable and of claims incurred, but not reported at August 31, 2018, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

Changes in the balances of claims liabilities during the past year are as follows:

	Year Ended <u>August 31, 2017</u>	Year Ended <u>August 31, 2018</u>
Unpaid claims, beginning fiscal year	\$ 1,214,673	\$ 786,891
Incurred claims (including IBNR'S)	17,456,378	19,535,906
Claim Payments	<u>(17,884,160)</u>	<u>(19,397,941)</u>
Unpaid claims, end fiscal year	<u>\$ 786,891</u>	<u>\$ 924,856</u>

### **NOTE 15 - ACCRUED EXPENSES**

Accrued expenses at year end consisted of the following:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u>
2008 Refunding Bond	16,943	-	(16,943)	-
2010 Refunding Bond	33,217	-	(6,643)	26,574
2011 Refunding Bond	<u>27,640</u>	-	<u>(3,455)</u>	<u>24,185</u>
Total Accrued Expense	<u>77,800</u>	-	<u>(27,041)</u>	<u>50,759</u>

### **NOTE 16 - UNEARNED REVENUE**

Unearned revenue at year end consisted of the following:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
Food Service USDA Commodities	200,273	-	-	200,273
Advanced Placement	-	50,325	-	50,325
State Textbook Fund	-	23,626	-	23,626
State Funded Special Revenue	-	4,486	-	4,486
Misc. Grants	-	110,834	-	110,834
Membership Fees	-	-	6,305	6,305
Total Unearned Revenue	<u>200,273</u>	<u>189,271</u>	<u>6,305</u>	<u>395,849</u>

**NOTE 17 - REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the current year, revenues from local and intermediate sources consisted of the following

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Property Taxes	26,498,198	3,196,806	-	29,695,004
Penalties, Interest & Other				
Tax-related income	1,366,154	169,796	-	1,535,950
Investment Income	1,402,907	55,773	-	1,458,680
Food Sales	301,514	-	-	301,514
Co-curricular Student Activities	129,624	-	1,385,433	1,515,057
Other	<u>2,927,055</u>	<u>5,939</u>	<u>93,487</u>	<u>3,026,481</u>
Total	<u>32,625,452</u>	<u>3,428,314</u>	<u>1,478,920</u>	<u>37,532,686</u>

**NOTE 18 - GENERAL FUND FEDERAL SOURCE REVENUES**

Included in the General Fund revenues, the following are funded by the federal government:

	<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>
	National School Lunch/Breakfast Program	10.555/10.553	18,511,160
	USDA Commodity	10.555	1,705,430
	JROTC Program	12.000	128,567
	SHARS Program	Not Applicable	4,366,044
	ERATE	Not Applicable	286,886
<b>INDIRECT COSTS</b>			
	National School Lunch/Breakfast Program	10.555/10.553	620,671
211	ESEA, Title I, Part A – Improving Basic Programs	84.010A	260,424
212	ESEA, Title I, Part C – Migratory Children	84.011A	50,862
223	Camp Code for Girls (TANF)	93.558	840
244	Career and Technical – Basic Grant	84.048A	7,278
255	ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	20,170
263	Title III, Part A – English Language Acquisition	84.365A	12,837
287	Project Rise!	84.374A	11,980
289	Title IV, Part A-Subpart 1 Grant	84.424A	<u>2,237</u>
			<u>25,985,386</u>

**NOTE 19 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTIGENCIES**

## Projected Summary of Facilities

<u>Project</u>	<u>Architect</u>	<u>Location</u>	<u>Projected Starting Date</u>	<u>Projected Completion Date</u>	<u>Estimated Project Amount</u>
HVAC Renovations La Joya HS	MEP Solutions Engineering	E. Expressway 83	December 2015	August 2019	\$2,675,589
HVAC Renovations Benavides Elem.	Trinity Engineering	1882 El Pinto Road	May 2016	August 2019	\$1,356,307
Chiller Renovations Performing Arts Center	Ethos Engineering	604 North Coyote Dr.	December 2017	January 2019	\$413,617
LED Lights Project	Performances Services Inc.	District Wide	June 2017	February 2019	\$13,469,776
Jimmy Carter Early College Renovations	Hinojosa Engineering	E. Expressway 83	June 2018	March 2019	\$702,581



## NOTE 20 - MAINTENANCE OF EFFORT

The total amount paid by the district (a self-funded plan) for the employee health care premiums is as follows:

a.) Total District Premium paid for health care in 2017-18	\$ 21,897,504
b.) Subtract any non-medical expenditures	-
c.) 2017-2018 Maintenance of Effort	<u>\$ 21,897,504</u>

## NOTE 21 - COMPENSATED ABSENCES

Upon retirement from the District and receipt of notice of retirement from TRS, the District shall reimburse professional employees for up to 60 days of unused accumulated state and local sick leave days at the rate of \$100 per day. All non-professional employees shall be reimbursed for up to 60 days of unused accumulated state and local sick leave days at the rate of \$40 per day. This benefit will be available only once to each employee. All compensated absences are accrued when incurred in the government-wide financial statement. The accumulated unpaid leave liability as of August 31, 2018 is \$1,122,082.

## NOTE 22 - LITIGATION

The District is the defendant in several legal proceedings arising from its operations. The District administration believes the outcome of these proceedings, if not favorable to the district, will not materially affect the District's financial position and therefore no allowances have been made.

## NOTE 23 - PRIOR PERIOD ADJUSTMENTS & ADJUSTMENT TO BEGINNING NET POSITION

The District recognized prior period adjustments. The following is an analysis of these adjustments:

### Governmental Fund

#### General Fund

Final TEA Entitlements payments	539,076	
TEA Payments –Summer School LEP	24,931	
Reclass Prior Year Revenues	<u>44,929</u>	
Total General Fund		608,936

#### Debt Service Fund

Reclass TEA Prior Year Settlement	<u>1,631,739</u>	
Total Debt Service Fund		<u>1,631,739</u>

Total Net Prior Period Adjustments (Exhibit C-3)	<u>2,240,675</u>
--	------------------

During fiscal year 2018, the District adopted GASB Statement No. 75 for Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. With GASB 75, the District must assume their proportionate share of Net OPEB liability of the Teacher Retirement System of Texas. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. The prior period adjustment totaled (\$222,123,240) which resulted in a restated beginning net position balance of (\$14,117,856).

## NOTE 24 - SHARED SERVICE ARRANGEMENT

The District is a participant in a shared service arrangement with McAllen ISD which provides deaf education services to students who are enrolled in the Regional Day School Program for the Deaf. As of June 30, 2018, McAllen ISD allocated expenditures to the amount of \$448,826.

## NOTE 25 - FUND BALANCE

The District has classified its fund balances with the following hierarchy:

**Nonspendable:** The District has a total inventory amount of \$2,392,326 and \$307,424 of prepaid items.

**Spendable:** The District has classified the spendable fund balances as Restricted, Committed, Assigned, and Unassigned and considered each to have been spent when expenditures are incurred.

- **Restricted for Food Service, Federal and State Programs, Debt Service, and Capital Projects:** Federal laws, Texas Statutes and local ordinances require that certain revenues be specifically designed for the purposes of food service, federal and state programs, debt service, and capital projects. The funds have been included in restricted category of fund balance. The restricted fund balances totaled \$5,569,976 which consists of \$1,695,761 in food service, \$3,643,300 in state programs, which consists of \$983,808 in the CATE Program, \$2,033,590 in the State Compensatory Program, and \$625,902 in the State Bilingual Program. The nonmajor governmental fund restricted fund balance in the amount of \$230,915 consists of the Medicaid Administration Claims Program (MAC).
- **Committed for Construction:** The La Joya ISD School Board has committed \$7,916,311 for construction related projects and \$394,978 in campus activity funds.
- **Assigned:** The District has assigned \$2,600,697 of the fund balance for outstanding encumbrances which consists of \$1,214,162 for LED lighting project, \$169,770 for phase I of the IT Building, and the remaining \$1,216,765 to be used to allocate funds for purchase orders opened during the fiscal year and merchandise received the following fiscal year. The \$4,085,591 has been assigned as the 2018-2019 budgetary gap for the General Fund.
- **Unassigned:** The unassigned fund balance for the General Fund is \$50,475,385.

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:			
Nonspendable:			
Inventories			
General Fund	\$ 1,751,155	-	\$ 1,751,155
Food Service	641,171	-	641,171
Prepaid Items	307,424	-	307,424
Restricted			
Food Service	1,695,761	-	1,695,761
State Programs	3,643,300	-	3,643,300
Federal Programs	-	230,915	230,915
Committed			
Construction	7,916,311	-	7,916,311
Campus Activity Funds	-	394,978	394,978
Assigned			
Outstanding Encumbrances	2,600,697	-	2,600,697
2018-19 Budgetary Gap			
General Fund	4,085,591	-	4,085,591
Unassigned	<u>50,475,385</u>	<u>-</u>	<u>50,475,385</u>
Total Fund Balance	<u>\$ 73,116,795</u>	<u>\$ 625,893</u>	<u>\$73,742,688</u>

## NOTE 26 - OTHER FINANCING SOURCES AND USES

Other resources and uses during the fiscal were as follows:

	General Fund	Debt Service Fund	Total Governmental Funds
Sale of Real and Personal Property	108,361	-	108,361
Capital Leases	2,307,571	-	2,307,571
Transfer In	-	8,125,616	8,125,616
Transfers Out (Use)	(8,957,007)	-	(8,957,007)
Total Other Financing Sources (Uses)	<u>\$ (6,541,075)</u>	<u>\$ 8,125,616</u>	<u>\$ 1,584,541</u>

*Transfers between funds:* The Debt Service Fund is used to retire debt. During the year, the General Fund made a transfer of \$8,125,616 to the Debt Service Fund to provide funds to meet the current year debt service requirements. The General Fund transferred \$149,797, \$347,525, and \$334,069 to the Print Shop, Sports & Learning Complex, and Howling Trails Golf Course, respectively to cover expenses incurred for operations.

## NOTE 27 - NEGATIVE OPERATING GRANTS AND CONTRIBUTIONS – STATEMENT OF ACTIVITIES

Expense activity is required to be recorded by districts who are participants in cost-sharing pension and plans with a special funding situation where non-employer contributing entities (NECE) also participate in contributions to the plans. TRS retirement and TRS Care benefit plans are both cost-sharing plans with special funding situations. Therefore, on-behalf expense activity of the NECE must be recorded at the government-wide level of reporting on the Statement of Activities in accordance with GASB 68 and 75. During the year under audit, the NECE expense was negative due to changes in benefits within the TRS Care plan. The accrual for the proportionate share of that expense was a negative on-behalf revenue and negative on-behalf expense. This resulted in negative revenue for operating grants and contributions on the Statement of Activities. According to guidance provided directly from GASB, this is the correct reporting. Following are the effects on the Statement of Activities as a result of the negative on-behalf accruals recorded:

Functional Allocation	Operating Grants & Contributions - Statement of Activities	GASB 75 Negative Government-Wide On-Behalf Accrual	Operating Grants & Contributions - Statement of Activities (excluding the effects of GASB 75 negative on-behalf accrual)
6011 Pension Expense – Instruction	\$ 3,634,883	(\$29,056,869)	\$32,691,752
6012 Pension Expense - Instructional Resources and Media Services	(376,712)	(826,243)	449,531
6013 Pension Expense - Curriculum Dvlpmnt and Instr. Staff Dvlpmnt	3,014,274	(1,485,955)	4,500,229
6021 Pension Expense - Instructional Leadership	(219,657)	(827,592)	607,935
6023 Pension Expense - School Leadership	(2,495,527)	(2,920,112)	424,585
6031 Pension Expense - Guidance, Counseling and Evaluation Services	(1,076,230)	(2,627,483)	1,551,253
6032 Pension Expense - Social Work Services	1,256,693	(919,928)	2,176,621
6033 Pension Expense - Health Services	(577,532)	(470,502)	(107,030)
6034 Pension Expense - Student (Pupil) Transportation	(1,834,391)	(1,561,888)	(272,503)
6035 Pension Expense - Food Services	20,297,819	(4,017,768)	24,315,587
6036 Pension Expense - Extracurricular Activities	(1,090,211)	(1,178,378)	88,167
6041 Pension Expense - General Administration	(1,315,862)	(1,112,779)	(203,083)
6051 Pension Expense - Facilities Maintenance and Operations	(2,644,965)	(1,761,700)	(883,265)
6052 Pension Expense - Security and Monitoring Services	(775,502)	(558,089)	(217,413)
6053 Pension Expense - Data Processing Services	(144,232)	(144,352)	120
6061 Pension Expense - Community Services	996,838	(445,837)	1,442,675
	<u>\$16,649,686</u>	<u>(\$49,915,475)</u>	<u>\$66,565,161</u>

**NOTE 28 – RECONCILIATION OF CHANGE IN AGGREGATE SELF-INSURANCE LIABILITIES FOR WORKER’S COMPENSATION AND UNEMPLOYMENT COMPENSATION**

Self-insurance liabilities is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>Year Ended August 31, 2018</u>	
	<u>Worker’s Compensation</u>	<u>Unemployment Compensation</u>
Unpaid Claims, fiscal year beginning	\$ 104,781	\$ -
Incurred claims (including IBNR’S)	721,955	10,690
Claim Payments	<u>(506,164)</u>	<u>(10,690)</u>
Unpaid claims, fiscal year ending	<u>\$ 320,572</u>	<u>\$ -</u>

	<u>Year Ended August 31, 2017</u>	
	<u>Worker’s Compensation</u>	<u>Unemployment Compensation</u>
Unpaid Claims, fiscal year beginning	\$ 222,491	\$ -
Incurred claims (including IBNR’S)	280,404	30,952
Claim Payments	<u>(398,114)</u>	<u>(30,952)</u>
Unpaid claims, fiscal year ending	<u>\$ 104,781</u>	<u>\$ -</u>

**NOTE 29 – SUBSEQUENT EVENTS**

As of the date of the Auditor’s report, the following events have taken place:

- The District has entered into a capital lease agreement with Weaver Technologies. The capital lease agreement is to keep the IT network secure from intruders, viruses, and the other emerging threats. This will extend the technical support and provide software updates for the next three years. This amounted to \$170,610, which will be paid in three installments of \$56,870.
- On a Special called meeting dated December 18, 2018, the La Joya ISD School Board approved a one-time \$500 supplement pay to all employees of the District for an approximate cost of \$2,200,000.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
District's Proportion of the Net Pension Liability (Asset)	0.201861684%	0.193700711%	0.1885325%	0.1428364%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 64,544,492	\$ 73,196,619	\$ 66,643,729	\$ 38,153,577
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	96,104,907	113,447,491	109,013,695	89,274,831
Total	<u>\$ 160,649,399</u>	<u>\$ 186,644,110</u>	<u>\$ 175,657,424</u>	<u>\$ 127,428,408</u>
District's Covered Payroll	\$ 204,384,122	\$ 193,654,710	\$ 186,016,949	\$ 175,879,815
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	31.58%	37.80%	35.83%	21.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	78.00%	78.43%	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2017 for year 2018, August 31, 2016 for Year 2017, August 31, 2015 for Year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2018

	2018	2017	2016	2015
Contractually Required Contribution	\$ 6,932,392	\$ 6,615,848	\$ 6,157,087	\$ 5,654,414
Contribution in Relation to the Contractually Required Contribution	(6,932,392)	(6,615,848)	(6,157,087)	(5,654,414)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Covered Payroll	\$ 206,399,167	\$ 204,384,122	\$ 193,654,710	\$ 186,016,949
Contributions as a Percentage of Covered Payroll	3.36%	3.24%	3.18%	3.04%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Note: In accordance with GASB 68, Paragraph 138, only four years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 TEACHER RETIREMENT SYSTEM OF TEXAS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	FY 2018 Plan Year 2017
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	0.293202101%
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	\$ 127,502,595
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) associated with the District	149,167,687
Total	<u>\$ 276,670,282</u>
District's Covered Payroll	\$ 204,384,122
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	62.38%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the year for which this information is available. Additional information will be added until 10 years of data are available and reported.



LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)  
TEACHER RETIREMENT SYSTEM OF TEXAS  
FOR FISCAL YEAR 2018

	<u>2018</u>
Contractually Required Contribution	\$ 3,415,458
Contribution in Relation to the Contractually Required Contribution	(3,415,458)
Contribution Deficiency (Excess)	<u>\$ -0-</u>
District's Covered Payroll	\$ 206,399,167
Contributions as a Percentage of Covered Payroll	1.65%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year..

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

LA JOYA INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED AUGUST 31, 2018

A. Notes to Schedules for the TRS Pension

*Changes of Benefit terms.*

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

*Changes of Assumptions.*

There were no changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period.

B. Notes to Schedules for the TRS OPEB Plan

*Changes in Benefit.*

There were no changes of benefit terms that affected measurement of the Total OPEB liability during the measurement period.

*Changes in Assumptions.*

The following were changes to the actuarial assumptions or other inputs that affected measurement of Total OPEB liability since the prior measurement period:

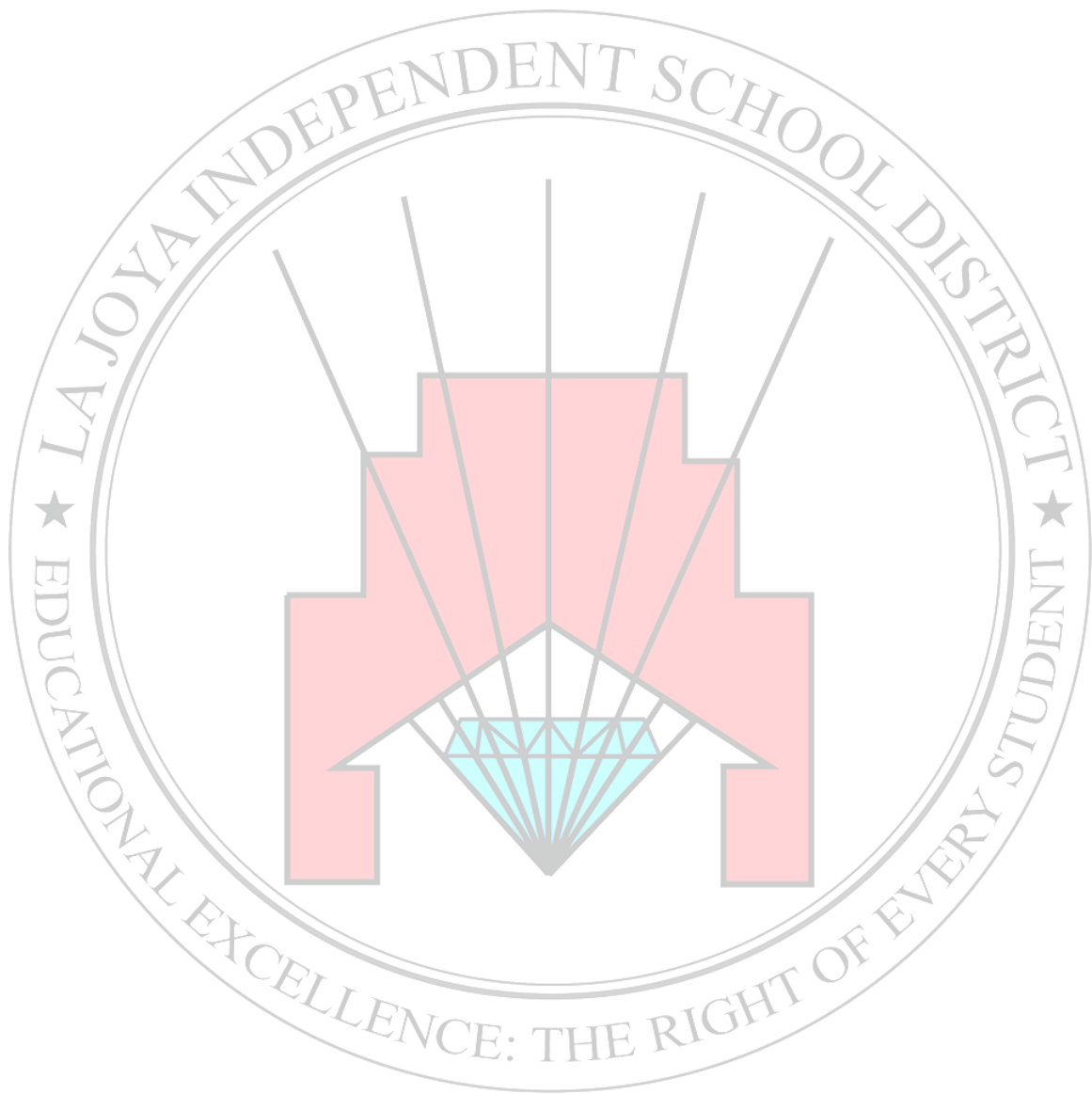
1. Significant plan changes were adopted during fiscal year ending August 31, 2017. Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates.
2. The August 31, 2016 valuation had assumed that the savings related to the Medicare Part D reimbursements would phase out by 2022. This assumption was removed for the August 31, 2017 valuation. Although there is uncertainty regarding these federal subsidies, the new assumption better reflects the current substantive plan. This change was unrelated to the plan amendment, and its impact was included as an assumption change in the reconciliation of the total OPEB liability. This change significantly lowered the OPEB liability.
3. The discount rate changed from 2.98 percent as of August 31, 2016 to 3.42 percent as of August 31, 2017. This change lowered the total OPEB liability.

In this valuation the impact of the Cadillac tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

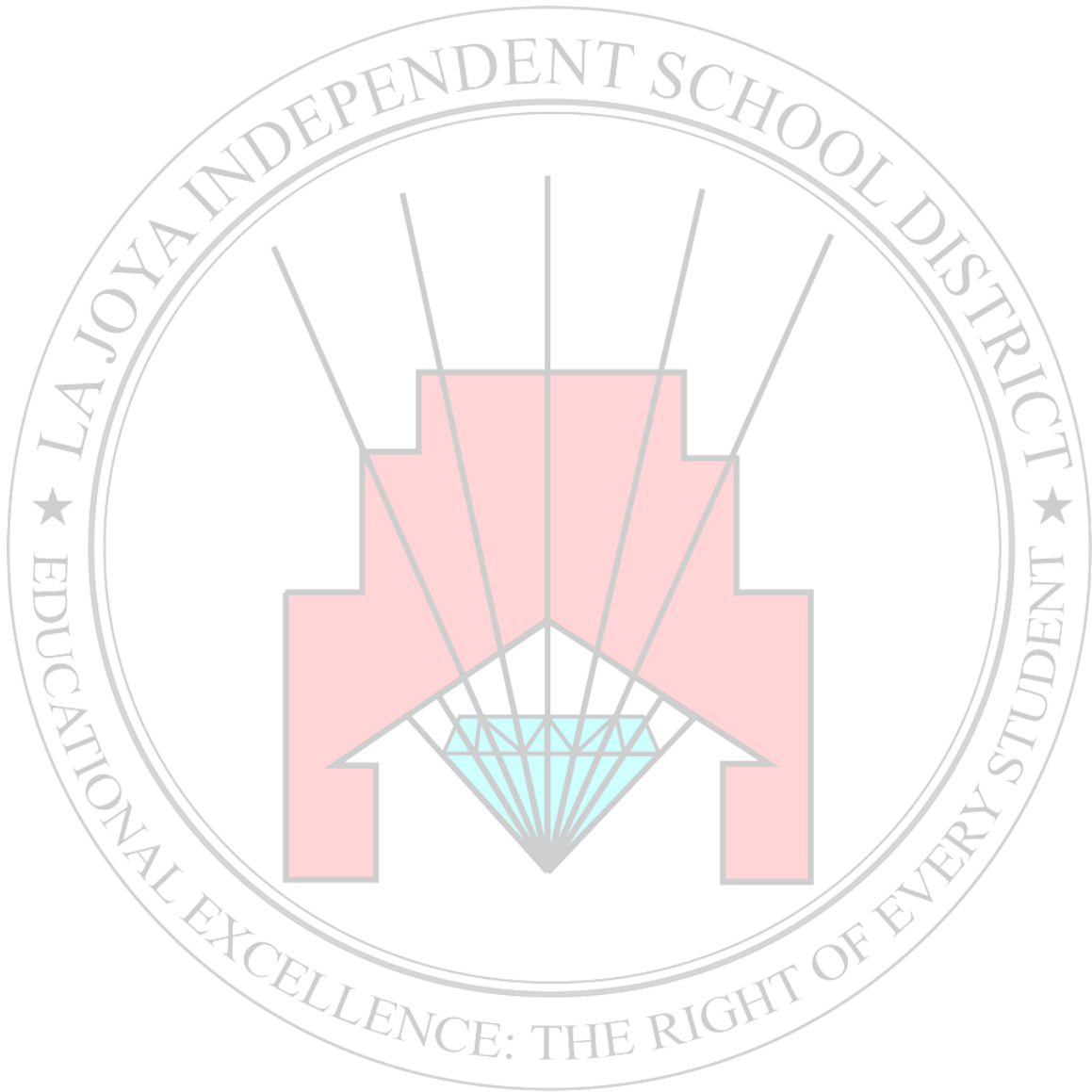
Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long term trend rate assumption.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.



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## **COMBINING AND OTHER STATEMENTS**



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LA JOYA INDEPENDENT SCHOOL DISTRICT  
NON-MAJOR GOVERNMENTAL FUNDS DEFINED

Special Revenue Funds are used to account for resources restricted to specific purposes by a grantor or for purposes committed by the Board of Trustees. Federal financial assistance often is accounted for in a Special Revenue Fund. In most Special Revenue Funds, unused balances are recorded as deferred revenue and carried forward to the subsequent fiscal year. In some cases, the unused balances are returned to the grantor at the close of the specified project period. The District budgets for Special Revenue Funds as grants are awarded. The District uses project accounting for them in order to maintain integrity for the various sources of funds. These funds utilize the modified accrual basis of accounting. The District's Special Revenue funds are as follows:

**211 ESEA, Title I, Part A, Improving Basic Programs** – is to be used to account for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

**212 ESEA, Title I, Part C, Education of Migratory Children** – is to be used to account for funds granted for programs benefitting children of migrant agriculture or agriculture-related workers and children of migrant fishermen.

**223 Temporary Assistance for Needy Families (TANF)** - is to be used to account, on a project basis, for funds granted to provide education services to undereducated adult recipients of cash assistance under Temporary Assistance for Needy Families (TANF). Recipients of benefits are required to participate in adult basic education or job training programs as a condition of eligibility. Educational services include basic educational skills (reading, writing, speaking, and mathematics), English as a Second Language instruction and secondary level competencies for acquisition of a high school diploma or its equivalent. This grant is funded by P.L. 104-193. (93.558) (U.S. Department of Health and Human Services)

**224 IDEA - Part B, Formula** – is to be used to account for funds granted to operate educational programs for children with disabilities.

**225 IDEA – Part B, Preschool** – is to be used to account for funds granted for preschool children with disabilities.

**244 Career and Technical – Basic Grant** – is to be used for funds granted to provide Career and Technical education to develop new and/or improve Career and Technical education programs for paid and unpaid employment.

**255 ESEA, Title II, Part A, Supporting Effective Instruction** – is to be used to provide financial assistance to local education agencies to a) increase student academic achievement through improving teacher and principal quality and increasing number of highly qualified teachers in classrooms and highly qualified principals in schools, and b) hold location education agencies and schools accountable for improving student academic achievement.

**263 Title III, Part A, English Language Acquisition and Language Enhancement LEP** – is to be used to account for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet challenging State academic achievement standards.

**265 Title IV, Part B - 21st Century Community Learning Centers** - is to be used to account, on a project basis, for funds granted to provide opportunities for communities to establish or expand activities in community learning centers that provide opportunities for academic enrichment and additional services to students and literary and related educational development for families of students (P. L. 107-110, Title IV, Part B) (84.287) (U.S. Department of Education).

**272 Medicaid Administrative Claiming Program - MAC** – is to be used to account for funds allocated to local education agencies for reimbursement of eligible administrative costs for activities attributed to the implementation of the Medicaid state plan. Expenditures attributed to the required matching amount are recorded in the General Fund.

**274 GEAR UP** - is to be used to account, on a project basis, for funds granted to provide services and support to low-income minority school districts to ensure that students are academically prepared for higher education, graduate from high school, and have access to higher education opportunities. (84.334S) (U.S. Department of Education)

**287 Project RISE** – is to be used to increase educator effectiveness and leadership by establishing an effective human capital management system and a performance-based compensation system.

**289 Federally Funded Special Revenue Funds** – is to be used to account for federally funded special revenue funds that have not been specified above.

**397 Advanced Placement Incentives** – is to be used for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

**410 State Textbook Fund** – is to be used to account for funds awarded to school districts under the textbook allotment.

**429 State Special Revenue Fund** – are State funded special revenue funds not listed above are to be accounted for in this fund.

**461 Campus Activity Funds** – is to account for transactions related to a principal's activity fund if the monies generated are not subject to recall by the school district's board of trustees into the General Fund.

**499 Locally Funded Special Revenue Funds** - are funds not listed above are to be accounted for in this fund. The following locally defined grants are to be converted to Fund 499 for PEIMS reporting:

- 496 La Joya ISD Police Department Asset Forfeiture
- 497 Miscellaneous Grants
- 498 MDRC Grant
- 499 Local Special Revenue Funds



## **NON-MAJOR GOVERNMENTAL FUNDS**

LA JOYA INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2018

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	223 TANF Family Assistance	224 IDEA - Part B Formula
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	3,421,799	976,034	17,229	1,048,502
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 3,421,799</u>	<u>\$ 976,034</u>	<u>\$ 17,229</u>	<u>\$ 1,048,502</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 30,718	\$ 544	\$ -	\$ 33,647
2160	Accrued Wages Payable	578,820	42,044	-	214,471
2170	Due to Other Funds	2,812,261	933,446	17,229	800,384
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>3,421,799</u>	<u>976,034</u>	<u>17,229</u>	<u>1,048,502</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,421,799</u>	<u>\$ 976,034</u>	<u>\$ 17,229</u>	<u>\$ 1,048,502</u>

## EXHIBIT H-1 (Cont'd)

225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant	255 ESEA II,A Supporting Effective Ins	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	272 Medicaid Admin. Claim MAC	274 GEAR UP	287 Project RISE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,248	\$ -	\$ -
-	45,021	643,945	467,182	55,941	-	59,992	163,457
-	-	-	-	-	-	-	46,380
<u>\$ -</u>	<u>\$ 45,021</u>	<u>\$ 643,945</u>	<u>\$ 467,182</u>	<u>\$ 55,941</u>	<u>\$ 233,248</u>	<u>\$ 59,992</u>	<u>\$ 209,837</u>
\$ -	\$ -	\$ 155,109	\$ -	\$ 2,006	\$ 1,570	\$ 284	\$ -
-	-	-	68,521	36,242	763	-	45,451
-	45,021	488,836	398,661	17,693	-	59,708	164,386
-	-	-	-	-	-	-	-
<u>-</u>	<u>45,021</u>	<u>643,945</u>	<u>467,182</u>	<u>55,941</u>	<u>2,333</u>	<u>59,992</u>	<u>209,837</u>
-	-	-	-	-	230,915	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,915</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 45,021</u>	<u>\$ 643,945</u>	<u>\$ 467,182</u>	<u>\$ 55,941</u>	<u>\$ 233,248</u>	<u>\$ 59,992</u>	<u>\$ 209,837</u>

LA JOYA INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2018

Data Control Codes		289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ 50,325	\$ 27,384	\$ 4,486
1240	Receivables from Other Governments	317,483	-	-	-
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 317,483</u>	<u>\$ 50,325</u>	<u>\$ 27,384</u>	<u>\$ 4,486</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 9,107	\$ -	\$ 3,758	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	308,376	-	-	-
2300	Unearned Revenues	-	50,325	23,626	4,486
2000	Total Liabilities	<u>317,483</u>	<u>50,325</u>	<u>27,384</u>	<u>4,486</u>
<b>FUND BALANCES</b>					
Restricted Fund Balance:					
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 317,483</u>	<u>\$ 50,325</u>	<u>\$ 27,384</u>	<u>\$ 4,486</u>

461 Campus Activity Funds	496 La Joya ISD Police Dept. Asset Forfeit	497 Misc Grants	498 MDRC Grant	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 394,978	\$ 606	\$ 2,875	\$ 106,889	\$ 1,200	\$ 821,991
-	-	-	-	-	7,216,585
-	-	-	-	-	46,380
<u>\$ 394,978</u>	<u>\$ 606</u>	<u>\$ 2,875</u>	<u>\$ 106,889</u>	<u>\$ 1,200</u>	<u>\$ 8,084,956</u>
\$ -	\$ -	\$ -	\$ 736	\$ -	\$ 237,479
-	-	-	-	-	986,312
-	-	-	-	-	6,046,001
-	606	2,875	106,153	1,200	189,271
<u>-</u>	<u>606</u>	<u>2,875</u>	<u>106,889</u>	<u>1,200</u>	<u>7,459,063</u>
-	-	-	-	-	230,915
394,978	-	-	-	-	394,978
<u>394,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>625,893</u>
<u>\$ 394,978</u>	<u>\$ 606</u>	<u>\$ 2,875</u>	<u>\$ 106,889</u>	<u>\$ 1,200</u>	<u>\$ 8,084,956</u>

LA JOYA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	223 TANF Family Assistance	224 IDEA - Part B Formula
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	17,124,689	2,792,029	64,389	4,907,180
5020 Total Revenues	17,124,689	2,792,029	64,389	4,907,180
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	11,268,161	1,921,168	64,389	4,377,246
0012 Instructional Resources and Media Services	629,154	-	-	-
0013 Curriculum and Instructional Staff Development	1,662,918	1,900	-	15,023
0021 Instructional Leadership	166,970	160,091	-	180,324
0023 School Leadership	473,287	-	-	-
0031 Guidance, Counseling and Evaluation Services	789,682	101,104	-	330,475
0032 Social Work Services	1,152,781	545,329	-	-
0033 Health Services	-	-	-	1,434
0051 Facilities Maintenance and Operations	2,795	2,112	-	-
0061 Community Services	978,941	60,325	-	2,678
6030 Total Expenditures	17,124,689	2,792,029	64,389	4,907,180
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

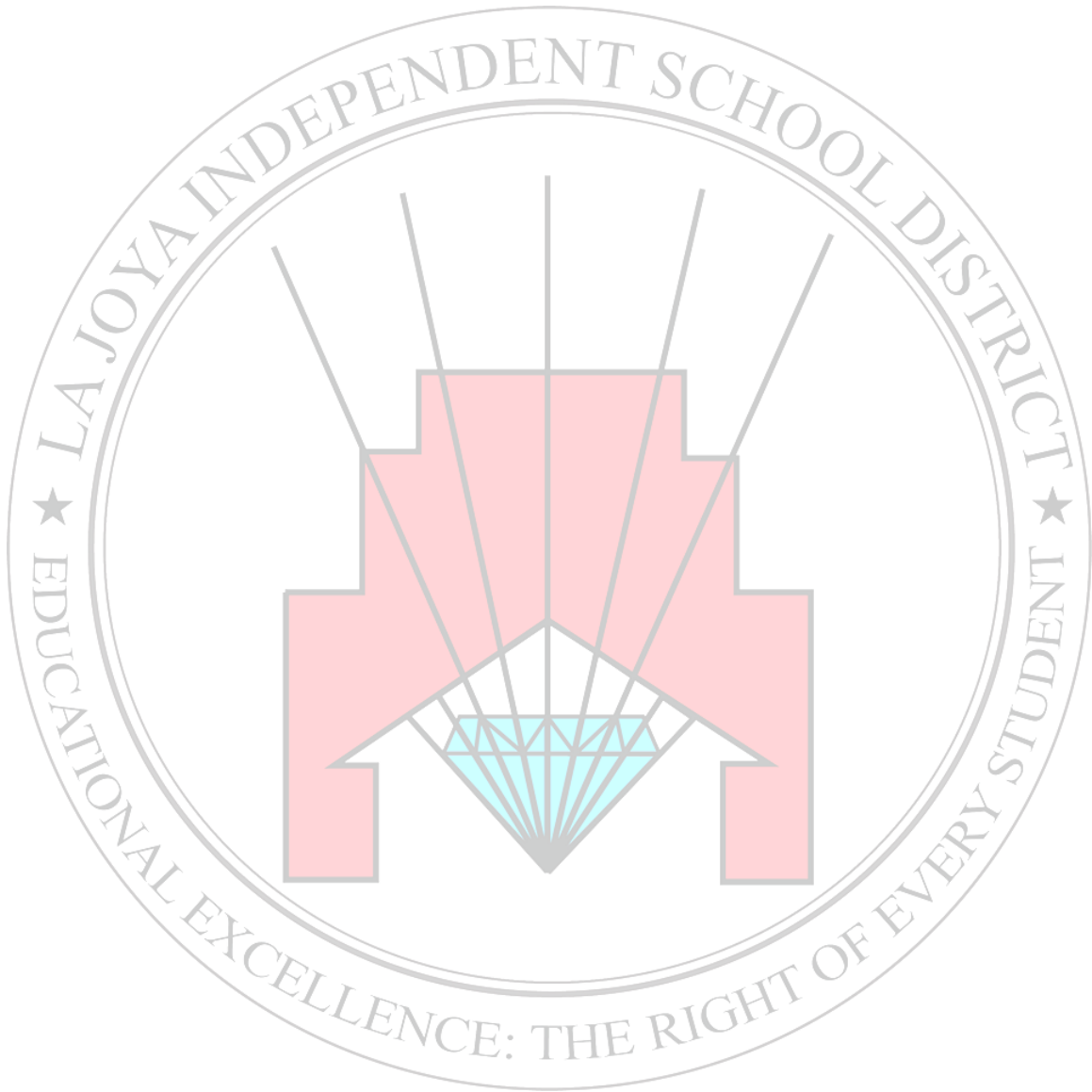
225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant	255 ESEA II,A Supporting Effective Ins	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	272 Medicaid Admin. Claim MAC	274 GEAR UP	287 Project RISE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
25,500	539,414	1,206,499	1,522,345	55,941	77,543	313,250	501,738
25,500	539,414	1,206,499	1,522,345	55,941	77,543	313,250	501,738
25,500	326,083	130,316	845,973	-	-	30,789	-
-	-	-	-	-	-	-	-
-	213,331	935,070	654,815	-	-	2,505	501,738
-	-	-	14,226	54,814	-	-	-
-	-	141,113	-	-	-	-	-
-	-	-	-	-	-	278,006	-
-	-	-	-	-	-	-	-
-	-	-	-	-	89,724	-	-
-	-	-	-	-	-	-	-
-	-	-	7,331	1,127	-	1,950	-
25,500	539,414	1,206,499	1,522,345	55,941	89,724	313,250	501,738
-	-	-	-	-	(12,181)	-	-
-	-	-	-	-	243,096	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	230,915	\$ -	\$ -

LA JOYA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	3,551,781	45,882
5900 Federal Program Revenues	638,151	-	-	-
5020 Total Revenues	638,151	-	3,551,781	45,882
EXPENDITURES:				
Current:				
0011 Instruction	381,727	-	3,551,781	3,658
0012 Instructional Resources and Media Services	-	-	-	59
0013 Curriculum and Instructional Staff Development	-	-	-	42,165
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	99,356	-	-	-
0031 Guidance, Counseling and Evaluation Services	157,068	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	638,151	-	3,551,781	45,882
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -



461 Campus Activity Funds	496 La Joya ISD Police Dept. Asset Forfeit	497 Misc Grants	498 MDRC Grant	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 1,385,433	\$ -	\$ 79,526	\$ 13,961	\$ -	\$ 1,478,920
-	-	-	-	-	3,597,663
-	-	-	-	-	29,768,668
1,385,433	-	79,526	13,961	-	34,845,251
1,375,909	-	77,128	1,000	-	24,380,828
-	-	-	988	-	630,201
-	-	-	8,293	-	4,037,758
-	-	-	-	-	576,425
-	-	-	-	-	713,756
-	-	-	-	-	1,656,335
-	-	2,398	3,680	-	1,704,188
-	-	-	-	-	91,158
-	-	-	-	-	4,907
-	-	-	-	-	1,052,352
1,375,909	-	79,526	13,961	-	34,847,908
9,524	-	-	-	-	(2,657)
385,454	-	-	-	-	628,550
\$ 394,978	\$ -	\$ -	\$ -	\$ -	\$ 625,893



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## **INTERNAL SERVICE FUNDS**

LA JOYA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
AUGUST 31, 2018

	752 Print Shop Fund	753 Health Insurance Fund	770 Worker's Compensation Fund	780 Unemployment Compensation Fund	Total Internal Service Funds
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents	\$ 3,667	\$ 840,349	\$ 9,365	\$ 1,314	\$ 854,695
Investments - Current	57	2,002,812	13,019,127	2,644,825	17,666,821
Accrued Interest	3	6,809	90,423	26,722	123,957
Other Receivables	-	245,247	-	-	245,247
Total Current Assets	3,727	3,095,217	13,118,915	2,672,861	18,890,720
Noncurrent Assets:					
Capital Assets:					
Furniture and Equipment	106,440	-	127,189	-	233,629
Depreciation on Furniture and Equipment	(37,705)	-	(103,611)	-	(141,316)
Leased Property Under Capital Leases	23,589	-	-	-	23,589
Depreciation on Capital Leases	(23,589)	-	-	-	(23,589)
Total Noncurrent Assets	68,735	-	23,578	-	92,313
Total Assets	72,462	3,095,217	13,142,493	2,672,861	18,983,033
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	2,124	2,154,419	327,150	-	2,483,693
Due to Other Funds	1,603	-	-	-	1,603
Total Liabilities	3,727	2,154,419	327,150	-	2,485,296
<b>NET POSITION</b>					
Net Investment in Capital Assets	\$ 68,735	\$ -	\$ 23,578	\$ -	\$ 92,313
Unrestricted Net Position	-	940,798	12,791,765	2,672,861	16,405,424
Total Net Position	\$ 68,735	\$ 940,798	\$ 12,815,343	\$ 2,672,861	\$ 16,497,737

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	752 Print Shop Fund	753 Health Insurance Fund	770 Worker's Compensation Fund	780 Unemployment Compensation Fund	Total Internal Service Funds
<b>OPERATING REVENUES:</b>					
Local and Intermediate Sources	\$ 117,146	\$ 29,407,683	\$ 373	\$ -	\$ 29,525,202
Total Operating Revenues	117,146	29,407,683	373	-	29,525,202
<b>OPERATING EXPENSES:</b>					
Payroll Costs	129,025	-	-	-	129,025
Professional and Contracted Services	82,309	30,137,770	75,782	5,000	30,300,861
Supplies and Materials	49,770	273,849	15,458	-	339,077
Other Operating Costs	270	20,170	844,613	10,691	875,744
Depreciation Expense	17,842	-	7,860	-	25,702
Total Operating Expenses	279,216	30,431,789	943,713	15,691	31,670,409
Operating Income (Loss)	(162,070)	(1,024,106)	(943,340)	(15,691)	(2,145,207)
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Earnings from Temporary Deposits &	204	66,918	223,973	46,460	337,555
Total Nonoperating Revenues (Expenses)	204	66,918	223,973	46,460	337,555
Income (Loss) Before Transfers	(161,866)	(957,188)	(719,367)	30,769	(1,807,652)
Transfer In	149,797	-	-	-	149,797
Change in Net Position	(12,069)	(957,188)	(719,367)	30,769	(1,657,855)
Total Net Position - September 1 (Beginning)	80,804	1,897,986	13,534,710	2,642,092	18,155,592
Total Net Position - August 31 (Ending)	\$ 68,735	\$ 940,798	\$ 12,815,343	\$ 2,672,861	\$ 16,497,737

LA JOYA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

	752 Print Shop Fund	753 Health Insurance Fund	770 Worker's Compensation Fund	780 Unemployment Compensation Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>					
Cash Received from User Charges	\$ 122,278	\$ 29,234,000	\$ (42,541)	\$ (18,895)	\$ 29,294,842
Cash Payments to Employees for Services	(129,025)	-	-	-	(129,025)
Cash Payments for Suppliers	(132,079)	(30,411,619)	(91,240)	(5,000)	(30,639,938)
Cash Payments for Other Operating Expenses	(14,081)	310,754	(627,835)	(10,691)	(341,853)
Net Cash Used For Operating Activities	(152,907)	(866,865)	(761,616)	(34,586)	(1,815,974)
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>					
Acquisition of Capital Assets	(5,773)	-	-	-	(5,773)
Capital Contributed by Other Funds	149,797	-	-	-	149,797
Net Cash Provided by Capital and Related Financing Activities	144,024	-	-	-	144,024
<u>Cash Flows from Investing Activities:</u>					
Purchase of Investment Securities	(1)	1,545,314	528,746	(14,025)	2,060,034
Interest and Dividends on Investments	204	66,918	223,973	46,460	337,555
Net Cash Provided by Investing Activities	203	1,612,232	752,719	32,435	2,397,589
Net Increase (Decrease) in Cash and Cash Equivalents	(8,680)	745,367	(8,897)	(2,151)	725,639
Cash and Cash Equivalents at Beginning of Year	12,347	94,982	18,262	3,465	129,056
Cash and Cash Equivalents at End of Year	\$ 3,667	\$ 840,349	\$ 9,365	\$ 1,314	\$ 854,695
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>					
Operating Income (Loss):	\$ (162,070)	\$ (1,024,106)	\$ (943,340)	\$ (15,691)	\$ (2,145,207)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:					
Depreciation	17,842	-	7,860	-	25,702
Effect of Increases and Decreases in Current Assets and Liabilities:					
Decrease (increase) in Receivables	-	(167,384)	-	-	(167,384)
Increase (decrease) in Accounts Payable	(15,414)	480,924	216,778	-	682,288
Increase (decrease) in Due to Others	1,603	(150,000)	-	-	(148,397)
Increase (decrease) in Accrued Interest	2	(6,299)	(42,914)	(18,895)	(68,106)
Increase (decrease) in Due from Other	5,130	-	-	-	5,130
Net Cash Used for Operating Activities	\$ (152,907)	\$ (866,865)	\$ (761,616)	\$ (34,586)	\$ (1,815,974)

## **NON-MAJOR ENTERPRISE FUNDS**

LA JOYA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
AUGUST 31, 2018

	745 Sports & Learning Complex	749 Howling Trails Golf Course	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,219	\$ 2,015	\$ 4,234
Accrued Interest	7	5	12
Due from Other Funds	36,317	52,835	89,152
Other Receivables	2,499	7,933	10,432
Inventories	99	4,884	4,983
Total Current Assets	<u>41,141</u>	<u>67,672</u>	<u>108,813</u>
Noncurrent Assets:			
Capital Assets:			
Buildings and Improvements	-	75,036	75,036
Depreciation on Buildings	-	(7,191)	(7,191)
Furniture and Equipment	102,019	174,605	276,624
Depreciation on Furniture and Equipment	(4,333)	(77,461)	(81,794)
Total Noncurrent Assets	<u>97,686</u>	<u>164,989</u>	<u>262,675</u>
Total Assets	<u>138,827</u>	<u>232,661</u>	<u>371,488</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	38,514	57,024	95,538
Short Term Debt Payable	-	1,763	1,763
Accrued Wages Payable	-	1,981	1,981
Due to Other Governments	2,627	599	3,226
Unearned Revenues	-	6,305	6,305
Total Liabilities	<u>41,141</u>	<u>67,672</u>	<u>108,813</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	<u>97,686</u>	<u>164,989</u>	<u>262,675</u>
Total Net Position	<u>\$ 97,686</u>	<u>\$ 164,989</u>	<u>\$ 262,675</u>



LA JOYA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2018

	745 Sports & Learning Complex	749 Howling Trails Golf Course	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ 289,153	\$ 469,950	\$ 759,103
Total Operating Revenues	289,153	469,950	759,103
<b>OPERATING EXPENSES:</b>			
Payroll Costs	264,001	479,904	743,905
Professional and Contracted Services	26,016	56,137	82,153
Supplies and Materials	235,889	189,386	425,275
Other Operating Costs	8,838	19,171	28,009
Depreciation Expense	4,333	27,389	31,722
Total Operating Expenses	539,077	771,987	1,311,064
Operating Income (Loss)	(249,924)	(302,037)	(551,961)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Earnings from Temporary Deposits & Investments	85	336	421
Total Nonoperating Revenues (Expenses)	85	336	421
Income (Loss) Before Transfers	(249,839)	(301,701)	(551,540)
Transfer In	347,525	334,069	681,594
Change in Net Position	97,686	32,368	130,054
Total Net Position - September 1 (Beginning)	-	132,621	132,621
Total Net Position August 31 (Ending)	\$ 97,686	\$ 164,989	\$ 262,675

LA JOYA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

	745 Sports & Learning Complex	749 Howling Trails Golf Course	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 250,330	\$ 415,555	\$ 665,885
Cash Payments to Employees for Services	(264,001)	(481,652)	(745,653)
Cash Payments for Suppliers	(262,004)	(241,739)	(503,743)
Cash Payments for Other Operating Expenses	32,303	5,591	37,894
Net Cash Used For Operating Activities	(243,372)	(302,245)	(545,617)
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Increase(decrease) in Short-term Loans	-	280	280
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>			
Acquisition of Capital Assets	(102,019)	(59,757)	(161,776)
Capital Contributed by Other Funds	347,525	334,069	681,594
Net Cash Provided by Capital and Related Financing Activities	245,506	274,312	519,818
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	85	336	421
Net Increase (Decrease) in Cash and Cash Equivalents	2,219	(27,317)	(25,098)
Cash and Cash Equivalents at Beginning of Year	-	29,332	29,332
Cash and Cash Equivalents at End of Year	\$ 2,219	\$ 2,015	\$ 4,234
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss):	\$ (249,924)	\$ (302,037)	\$ (551,961)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:			
Depreciation	4,333	27,389	31,722
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Receivables	(2,499)	63	(2,436)
Decrease (increase) in Inventories	(99)	3,784	3,685
Increase (decrease) in Accounts Payable	38,514	38,776	77,290
Increase (decrease) in Unearned Revenues	-	(1,623)	(1,623)
Increase (decrease) in Accrued Wages Payable	-	(1,748)	(1,748)
Increase (decrease) in Due to Others	2,627	(14,014)	(11,387)
Increase (decrease) in Accrued Interest	(7)	-	(7)
Increase (decrease) in Due from Other	(36,317)	(52,835)	(89,152)
Net Cash Used for Operating Activities	\$ (243,372)	\$ (302,245)	\$ (545,617)

## **FIDUCIARY FUNDS**

LA JOYA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
AUGUST 31, 2018

	861 Tax Collections Fund	865 Student Activity Fund	876 Merit Scholarship Fund	877 Employee Memorial Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 171,118	\$ 567,829	\$ 168,375	\$ 3,121
Investments - Current	135,080	-	-	-
Accrued Interest	-	-	121	2
Other Receivables	6,420	-	-	-
Total Assets	<u>\$ 312,618</u>	<u>\$ 567,829</u>	<u>\$ 168,496</u>	<u>\$ 3,123</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 312,618	\$ -	\$ -	\$ -
Due to Student Groups	-	567,829	168,496	-
Payable from Restricted Assets	-	-	-	3,123
Total Liabilities	<u>\$ 312,618</u>	<u>\$ 567,829</u>	<u>\$ 168,496</u>	<u>\$ 3,123</u>

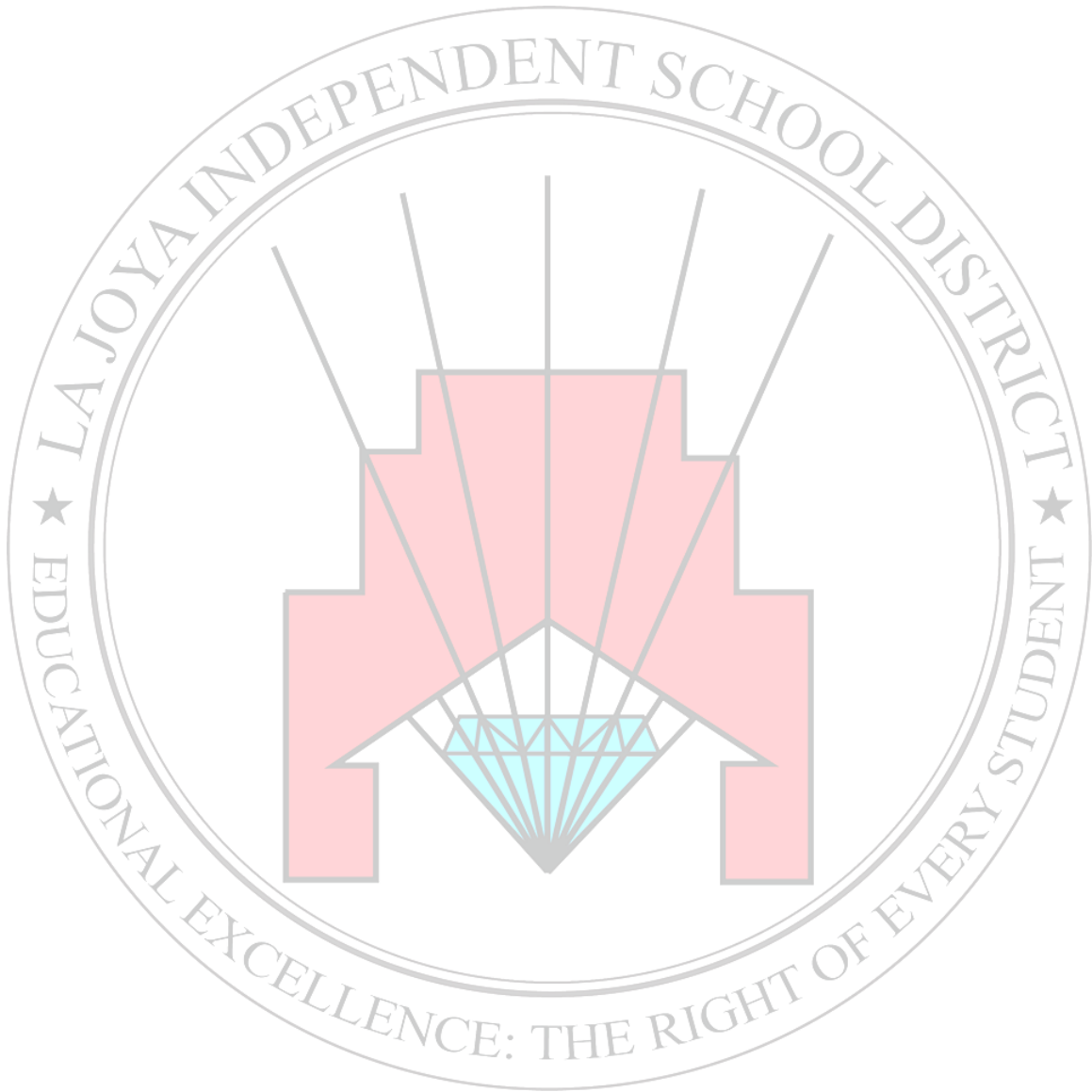
878 Superintendent's Scholarship Fund	880 Adm. & Finance Scholarship Fund	899 Staff Activity Fund	Total Fiduciary Funds
\$ 138,613	\$ 221	\$ 8,313	\$ 1,057,590
-	-	-	135,080
103	1	-	227
-	-	-	6,420
<u>\$ 138,716</u>	<u>\$ 222</u>	<u>\$ 8,313</u>	<u>\$ 1,199,317</u>
\$ 6,500	\$ 200	\$ -	\$ 319,318
132,216	22	-	868,563
-	-	8,313	11,436
<u>\$ 138,716</u>	<u>\$ 222</u>	<u>\$ 8,313</u>	<u>\$ 1,199,317</u>

LA JOYA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

	Balance as of August 31, 2017	Additions	Deductions	Balance as of August 31, 2018
<b>TAX COLLECTIONS FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 155,231	\$ 31,812,265	\$ 31,796,378	\$ 171,118
Investments - Current	105,166	12,929,914	12,900,000	135,080
Other Receivables	6,420	-	-	6,420
Total Assets	<u>\$ 266,817</u>	<u>\$ 44,742,179</u>	<u>\$ 44,696,378</u>	<u>\$ 312,618</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 266,817	\$ 1,058,745	\$ 1,012,944	\$ 312,618
Due to Other Funds	\$ -	\$ 27,757,108	\$ 27,757,108	\$ -
Total Liabilities	<u>\$ 266,817</u>	<u>\$ 28,815,853</u>	<u>\$ 1,012,944</u>	<u>\$ 312,618</u>
<b>STUDENT ACTIVITY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 578,756	\$ -	\$ 10,927	\$ 567,829
Total Assets	<u>\$ 578,756</u>	<u>\$ -</u>	<u>\$ 10,927</u>	<u>\$ 567,829</u>
<b>LIABILITIES</b>				
Due to Student Groups	\$ 578,756	\$ -	\$ 10,927	\$ 567,829
Total Liabilities	<u>\$ 578,756</u>	<u>\$ -</u>	<u>\$ 10,927</u>	<u>\$ 567,829</u>
<b>MERIT SCHOLARSHIP FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 139,347	\$ 63,628	\$ 34,600	\$ 168,375
Accrued Interest	35	121	35	121
Total Assets	<u>\$ 139,382</u>	<u>\$ 63,749</u>	<u>\$ 34,635</u>	<u>\$ 168,496</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 34,600	\$ 34,600	\$ -
Due to Student Groups	139,382	64,097	34,983	168,496
Total Liabilities	<u>\$ 139,382</u>	<u>\$ 98,697</u>	<u>\$ 69,583</u>	<u>\$ 168,496</u>
<b>EMPLOYEE MEMORIAL FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,099	\$ 22	\$ -	\$ 3,121
Accrued Interest	\$ 1	\$ 2	\$ 1	\$ 2
Total Assets	<u>\$ 3,100</u>	<u>\$ 24</u>	<u>\$ 1</u>	<u>\$ 3,123</u>
<b>LIABILITIES</b>				
Payable from Restricted Assets	\$ 3,100	\$ 23	\$ -	\$ 3,123
Total Liabilities	<u>\$ 3,100</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 3,123</u>

LA JOYA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2018

	Balance as of August 31, 2017	Additions	Deductions	Balance as of August 31, 2018
<b>SUPERINTENDENT'S SCHOLARSHIP FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 111,173	\$ 88,884	\$ 61,444	\$ 138,613
Accrued Interest	34	103	34	103
Total Assets	<u>\$ 111,207</u>	<u>\$ 88,987</u>	<u>\$ 61,478</u>	<u>\$ 138,716</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 4,000	\$ 63,884	\$ 61,384	\$ 6,500
Due to Student Groups	107,207	88,953	63,944	132,216
Total Liabilities	<u>\$ 111,207</u>	<u>\$ 152,837</u>	<u>\$ 125,328</u>	<u>\$ 138,716</u>
<b>ADMINISTRATION &amp; FINANCE SCHOLARSHIP FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 504	\$ 1,924	\$ 2,207	\$ 221
Accrued Interest	\$ -	\$ 1	\$ -	\$ 1
Total Assets	<u>\$ 504</u>	<u>\$ 1,925</u>	<u>\$ 2,207</u>	<u>\$ 222</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ 2,400	\$ 2,200	\$ 200
Due to Student Groups	504	1,925	2,407	22
Total Liabilities	<u>\$ 504</u>	<u>\$ 4,325</u>	<u>\$ 4,607</u>	<u>\$ 222</u>
<b>STAFF ACTIVITY FUND</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 13,698	\$ -	\$ 5,385	\$ 8,313
Total Assets	<u>\$ 13,698</u>	<u>\$ -</u>	<u>\$ 5,385</u>	<u>\$ 8,313</u>
<b>LIABILITIES</b>				
Payable from Restricted Assets	\$ 13,698	\$ -	\$ 5,385	\$ 8,313
Total Liabilities	<u>\$ 13,698</u>	<u>\$ -</u>	<u>\$ 5,385</u>	<u>\$ 8,313</u>
<b>TOTAL FIDUCIARY FUNDS</b>				
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,001,808	\$ 31,966,723	\$ 31,910,941	\$ 1,057,590
Investments - Current	105,166	12,929,914	12,900,000	135,080
Accrued Interest	70	227	70	227
Other Receivables	6,420	-	-	6,420
Total Assets	<u>\$ 1,113,464</u>	<u>\$ 44,896,864</u>	<u>\$ 44,811,011</u>	<u>\$ 1,199,317</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 270,817	\$ 1,159,629	\$ 1,111,128	\$ 319,318
Due to Other Funds	-	27,757,108	27,757,108	-
Due to Student Groups	825,849	154,975	112,261	868,563
Payable from Restricted Assets	16,798	23	5,385	11,436
Total Liabilities	<u>\$ 1,113,464</u>	<u>\$ 29,071,735</u>	<u>\$ 28,985,882</u>	<u>\$ 1,199,317</u>



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## **REQUIRED TEA SCHEDULES**

LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2018

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2009 and prior years	Various	Various	\$ Various
2010	1.170000	0.141000	2,233,291,033
2011	1.170000	0.141000	2,211,840,461
2012	1.170000	0.141000	2,087,086,534
2013	1.170000	0.141000	2,131,558,977
2014	1.170000	0.141000	2,138,455,660
2015	1.170000	0.141000	2,133,476,497
2016	1.170000	0.141000	2,188,672,812
2017	1.170000	0.141000	2,253,390,102
2018 (School year under audit)	1.170000	0.141000	2,311,816,193
1000 TOTALS			

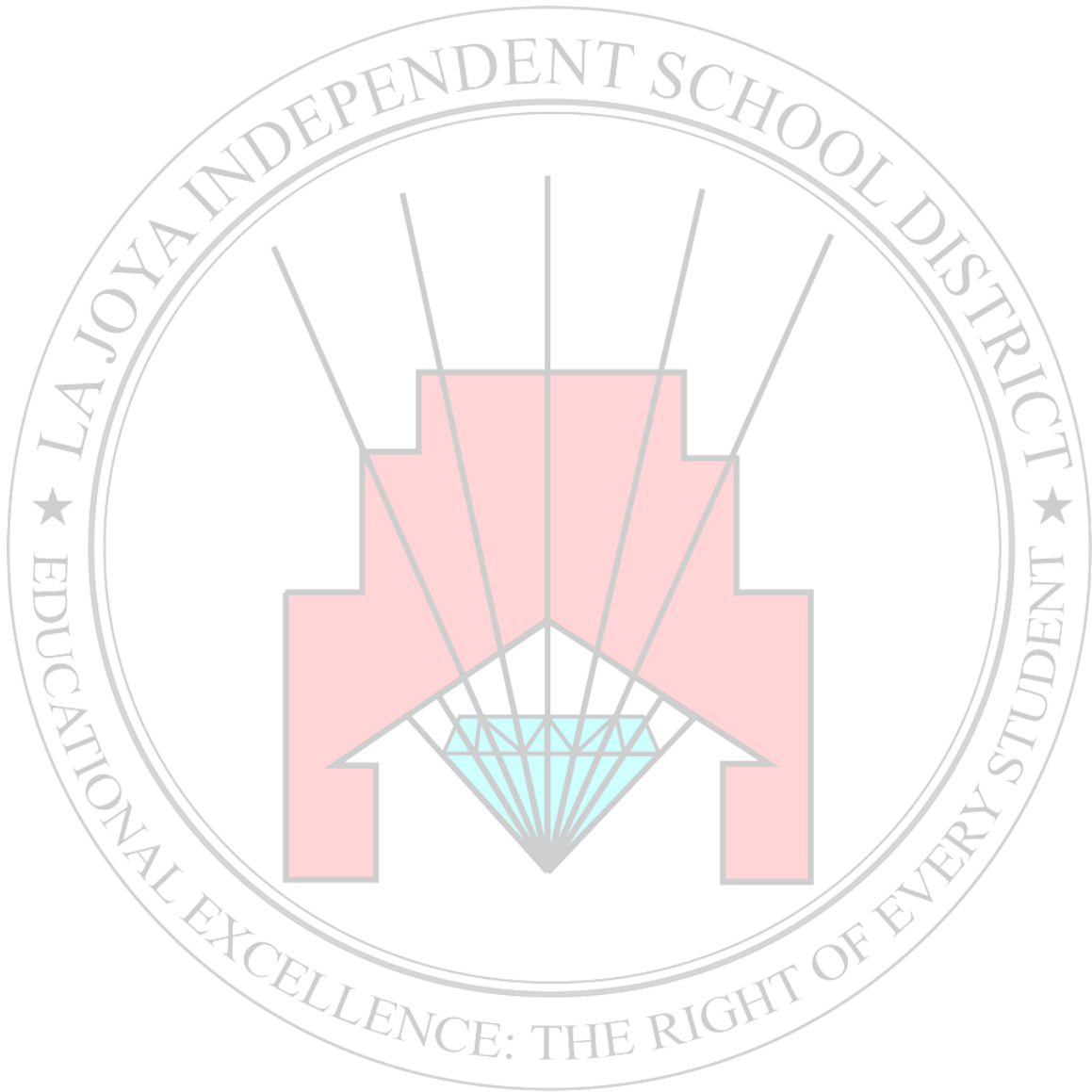
(10) Beginning Balance 9/1/2017		(20) Current Year's Total Levy		(31) Maintenance Collections		(32) Debt Service Collections		(40) Entire Year's Adjustments		(50) Ending Balance 8/31/2018	
\$	1,630,828	\$	-	\$	68,836	\$	11,730	\$	(23,594)	\$	1,526,668
	256,829		-		25,857		3,116		(5,536)		222,320
	294,937		-		32,257		3,887		(6,773)		252,020
	349,658		-		53,533		6,452		(8,066)		281,607
	429,438		-		94,442		11,381		2,431		326,046
	639,450		-		146,465		17,651		(89,674)		385,660
	865,372		-		240,533		28,988		2,767		598,618
	1,340,481		-		477,386		57,531		786		806,350
	2,490,621		-		1,012,715		122,045		(109,791)		1,246,070
	-		29,856,398		24,346,175		2,934,025		(234,003)		2,342,195
\$	8,297,614	\$	29,856,398	\$	26,498,199	\$	3,196,806	\$	(471,453)	\$	7,987,554

LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 236,550	\$ 236,550	\$ 323,707	\$ 87,157
5800	State Program Revenues	118,000	118,000	115,888	(2,112)
5900	Federal Program Revenues	19,880,322	20,980,322	20,216,590	(763,732)
5020	Total Revenues	20,234,872	21,334,872	20,656,185	(678,687)
EXPENDITURES:					
0035	Current Expenditures - Food Services	20,234,872	21,334,872	21,138,880	195,992
6030	Total Expenditures	20,234,872	21,334,872	21,138,880	195,992
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(482,695)	(482,695)
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	33,389	33,389
1200	Net Change in Fund Balances	-	-	(449,306)	(449,306)
0100	Fund Balance - September 1 (Beginning)	2,786,233	2,786,233	2,786,233	-
3000	Fund Balance - August 31 (Ending)	\$ 2,786,233	\$ 2,786,233	\$ 2,336,927	\$ (449,306)

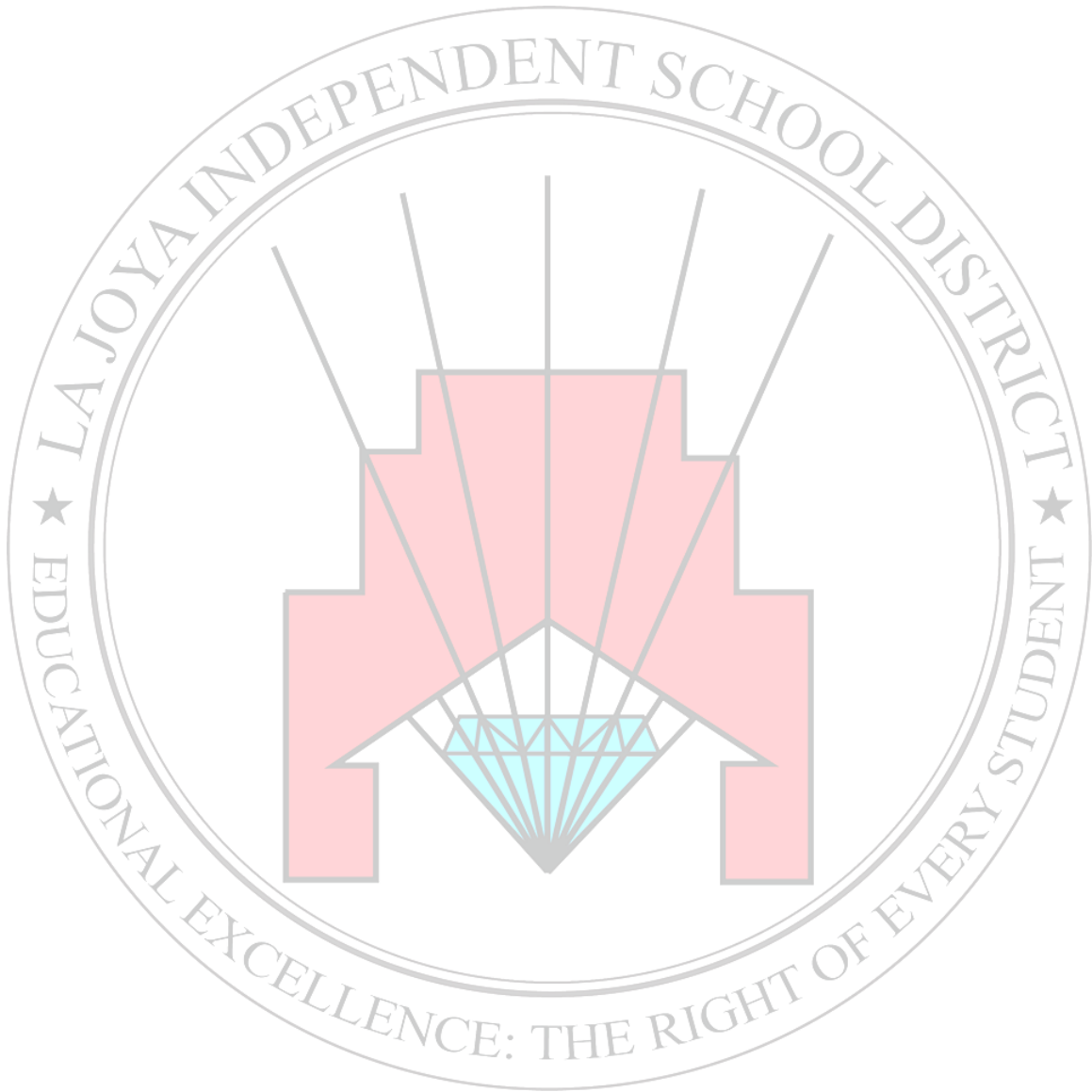
LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2018

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,142,391	\$ 3,142,391	\$ 3,428,314	\$ 285,923
5800 State Program Revenues	10,268,560	10,268,560	10,798,662	530,102
5020 Total Revenues	13,410,951	13,410,951	14,226,976	816,025
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	10,707,387	10,707,387	10,707,387	-
0072 Interest on Long Term Debt	13,347,812	13,347,812	13,254,754	93,058
0073 Bond Issuance Cost and Fees	25,000	25,000	22,190	2,810
6030 Total Expenditures	24,080,199	24,080,199	23,984,331	95,868
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,669,248)	(10,669,248)	(9,757,355)	911,893
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	10,669,248	10,669,248	8,125,616	(2,543,632)
1200 Net Change in Fund Balances	-	-	(1,631,739)	(1,631,739)
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
1300 Increase (Decrease) in Fund Balance	-	-	1,631,739	1,631,739
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -



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## **STATISTICAL SECTION**



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## LA JOYA INDEPENDENT SCHOOL DISTRICT

### STATISTICAL INFORMATION

(Unaudited)

The Statistical Section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

#### **CONTENTS**

##### **Financial Trends**

These schedules contain information to help the reader understand how the District's financial performance has changed over time.

##### **Revenue and Expenditure Capacity**

These schedules contain information to help the reader assess the District's major revenue sources and expenditures.

##### **Debt Capacity**

These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

##### **Demographic and Economic Information**

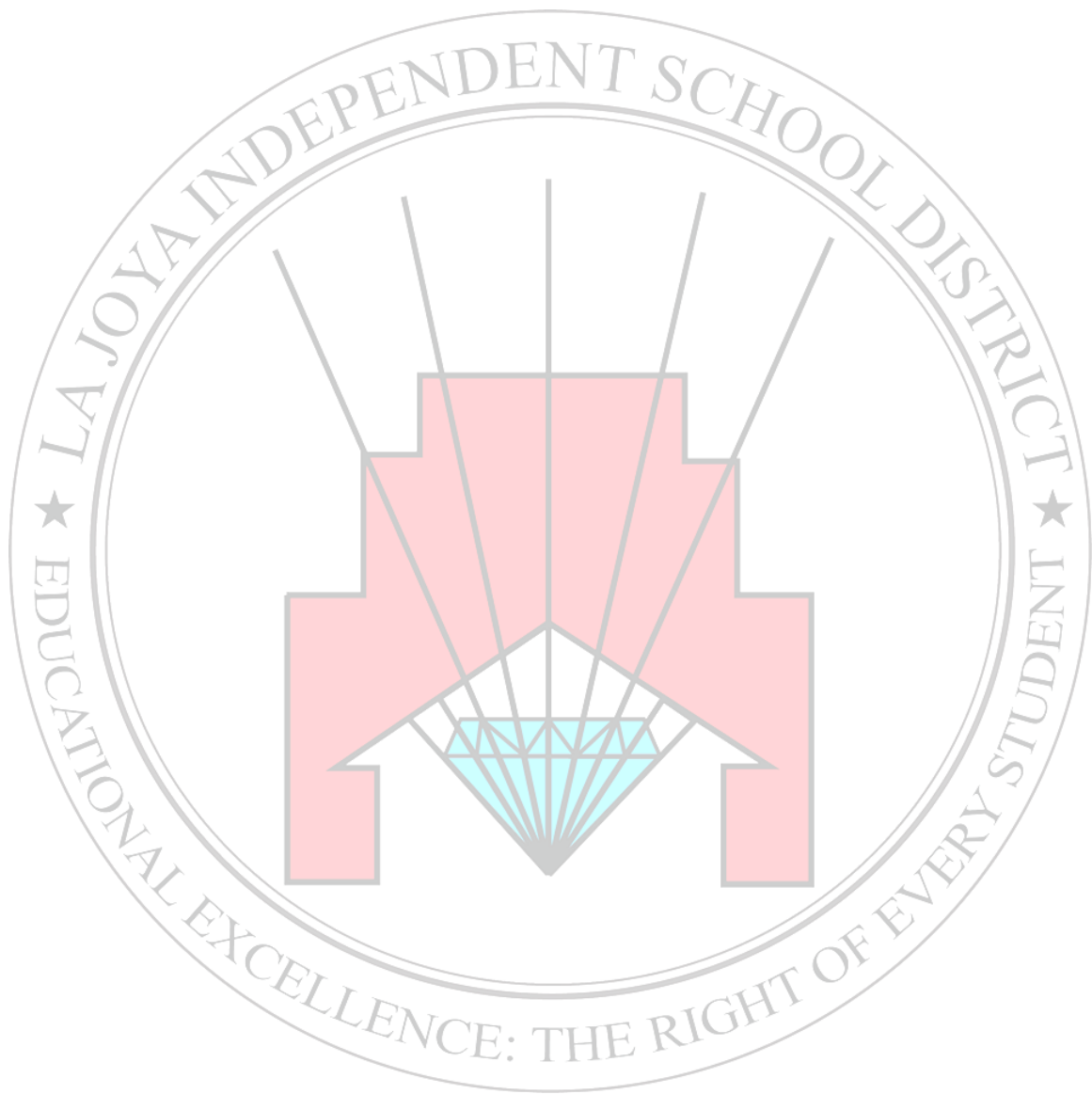
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

##### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the District provides and activities it performs.

#### **SOURCES**

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement No. 63 and 65 in 2013; schedules presenting government-wide information include information beginning in that year.



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## **FINANCIAL TRENDS**

LA JOYA INDEPENDENT SCHOOL DISTRICT  
NET POSITION BY COMPONENT

LAST TEN YEARS

(Unaudited)

	2009	2010	2011	2012
<b>Governmental Activities</b>				
Net Investment in Capital Assets	\$ 22,222,171	\$ 82,285,955	\$ 112,058,039	\$ 131,735,100
Restricted	128,522,929	69,541,033	54,057,652	48,011,140
Unrestricted	53,401,236	78,558,056	73,194,054	66,335,672
Total Governmental Activities Net Position	\$ 204,146,336	\$ 230,385,044	\$ 239,309,745	\$ 246,081,912
<b>Business-Type Activities</b>				
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -
Total Business-Type Activities Net Position	\$ -	\$ -	\$ -	\$ -
<b>Primary Government</b>				
Net Investment in Capital Assets	\$ 22,222,171	\$ 82,285,955	\$ 112,058,039	\$ 131,735,100
Restricted	128,522,929	69,541,033	54,057,652	48,011,140
Unrestricted	53,401,236	78,558,056	73,194,054	66,335,672
Total Primary Government Net Position	\$ 204,146,336	\$ 230,385,044	\$ 239,309,745	\$ 246,081,912

Source: Statement of Net Position (Exhibit A-1)

Note: Implementation of GASB 63 and 65 beginning school year 2012-2013

Implementation of GASB 68 beginning school year 2014-2015

Implementation of GASB 75 beginning school year 2017-2018

SCHEDULE 1

2013	2014	2015	2016	2017	2018
\$ 130,394,953	\$ 133,736,775	\$ 135,998,056	\$ 140,785,437	\$ 145,026,207	\$ 153,691,771
43,232,770	7,834,268	7,451,078	7,450,531	6,584,386	5,569,976
72,960,525	113,163,157	71,997,058	77,350,807	56,394,791	(141,461,525)
\$ 246,588,248	\$ 254,734,200	\$ 215,446,192	\$ 225,586,775	\$ 208,005,384	\$ 17,800,222
\$ -	\$ 27,606	\$ 136,341	\$ 127,972	\$ 132,621	\$ 262,675
\$ -	\$ 27,606	\$ 136,341	\$ 127,972	\$ 132,621	\$ 262,675
\$ 130,394,953	\$ 133,764,381	\$ 136,134,397	\$ 140,913,409	\$ 145,158,828	\$ 153,954,446
43,232,770	7,834,268	7,451,078	7,450,531	6,584,386	5,569,976
72,960,525	113,163,157	71,997,058	77,350,807	56,394,791	(141,461,525)
\$ 246,588,248	\$ 254,761,806	\$ 215,582,533	\$ 225,714,747	\$ 208,138,005	\$ 18,062,897

LA JOYA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL ACTIVITIES EXPENSES AND PROGRAM REVENUES  
LAST TEN YEARS  
(Unaudited)

	2009	2010	2011
<b>Expenses</b>			
Governmental Activities:			
Instruction	151,988,140	163,874,441	166,098,617
Instructional Resources & Media Services	5,709,174	8,136,983	6,810,676
Curriculum & Staff Development	6,148,673	7,418,746	7,054,723
Instructional Leadership	3,430,436	3,455,470	3,513,033
School Leadership	13,760,051	14,517,438	16,013,354
Guidance, Counseling & Evaluation Services	10,124,332	11,190,642	12,166,690
Social Work Services	2,341,711	2,575,971	2,947,570
Health Services	2,809,546	3,025,079	3,370,298
Student (Pupil) Transportation	8,184,294	6,435,769	7,237,112
Food Services	17,242,519	17,658,457	18,693,630
Cocurricular/Extracurricular Activities	8,552,097	9,868,179	9,997,306
General Administration	7,388,985	7,179,562	7,853,373
Plant Maintenance & Operations	25,518,507	24,777,685	27,083,855
Security & Monitoring Services	2,868,520	3,032,186	3,363,513
Data Processing Services	875,822	878,542	924,226
Community Services	1,298,661	1,252,058	1,314,275
Debt Service - Interest on Long Term Debt	16,732,856	16,425,638	15,637,599
Debt Service - Bond Issuance Cost & Fees	847,619	48,529	40,113
Payments to Juvenile Justice Alternative Ed. Prg.	61,651	41,479	30,889
Other Intergovernmental Charges	-	-	-
Total Governmental Activities Expenses	285,883,594	301,792,854	310,150,853
Business -Type Activities:			
Enterprise Fund	-	-	-
Total Business-Type Activities Expenses	-	-	-
Total Primary Government Expenses	285,883,594	301,792,854	310,150,853
<b>Program Revenues</b>			
Charges for Services:			
Instruction	26,180	26,030	10,790
Food Services	623,599	408,356	425,665
Cocurricular/Extracurricular Activities	170,851	183,538	185,180
General Administration	293,400	475,454	588,069
Operating Grants and Contributions	41,726,381	71,939,912	65,056,268
Total Governmental Activities Revenues	42,840,411	73,033,290	66,265,972
Business -Type Activities:			
Enterprise Fund	-	-	-
Total Business-Type Activities Revenues	-	-	-
Total Primary Government Revenues	42,840,411	73,033,290	66,265,972
Net (Expense)/Revenue:			
Governmental Activities	(243,043,183)	(228,759,564)	(243,884,881)
Business Type Activities	-	-	-
Total Primary Government Net Expense	(243,043,183)	(228,759,564)	(243,884,881)

Source: Statement of Activities (Exhibit B-1)

Note: Implementation of GASB 63 and 65 for school year 2012-2013

Implementation of GASB 68 beginning school year 2014-2015

Implementation of GASB 75 beginning school year 2017-2018

## SCHEDULE 2

2012	2013	2014	2015	2016	2017	2018
158,835,297	163,213,006	166,119,053	168,931,938	177,126,830	179,466,702	121,738,656
7,792,957	6,828,712	6,454,953	7,528,627	7,670,150	7,502,754	5,811,365
7,072,281	7,742,458	5,810,954	5,842,489	6,166,770	7,560,677	5,662,225
3,708,864	4,270,163	4,284,668	4,303,984	4,668,022	5,653,178	3,538,678
16,082,269	16,891,045	16,895,861	17,393,127	19,208,863	20,278,489	13,280,880
11,831,882	11,477,124	11,969,156	13,164,088	14,238,268	14,374,589	9,643,461
2,767,802	3,042,466	2,937,648	2,916,540	3,113,738	3,109,018	2,011,867
3,284,922	3,543,002	3,507,898	3,449,475	3,716,511	3,776,637	2,681,944
6,558,328	8,171,667	8,527,953	8,570,681	9,650,458	10,960,567	8,104,589
19,687,602	20,481,434	20,411,988	21,972,415	23,084,862	23,362,868	19,241,821
8,791,125	9,389,020	9,518,134	11,253,660	12,212,262	12,585,419	11,130,435
7,597,335	9,188,189	7,598,995	9,005,664	9,104,586	14,822,513	7,845,744
29,127,699	29,052,092	27,693,073	31,718,453	31,860,675	32,717,020	31,010,818
3,388,734	3,648,258	3,669,457	4,052,537	4,485,689	4,980,075	4,027,806
899,539	978,234	1,052,278	1,258,386	1,269,488	1,283,310	1,176,218
1,397,712	1,348,640	1,212,671	1,005,669	1,162,792	1,483,163	784,329
14,446,319	14,790,313	15,552,716	14,814,939	14,436,365	14,439,240	10,009,474
-	3,234,974	291,175	-	-	-	-
3,634	-	-	2,236	-	1,140	-
-	278,093	256,606	284,730	272,972	271,181	272,537
303,274,303	317,568,890	313,765,237	327,469,638	343,449,301	358,628,540	257,972,847
-	-	306,550	773,949	761,556	724,740	1,311,064
-	-	306,550	773,949	761,556	724,740	1,311,064
303,274,303	317,568,890	314,071,787	328,243,587	344,210,857	359,353,280	259,283,911
-	-	-	-	-	-	-
356,308	302,810	306,395	308,613	262,764	297,958	301,520
207,985	235,598	166,398	181,171	184,295	222,741	129,625
2,167,558	2,645,396	1,769,419	1,744,337	1,664,791	1,574,279	1,712,872
76,997,494	69,190,060	65,435,832	60,739,545	59,522,712	63,762,058	16,649,686
79,729,345	72,373,864	67,678,044	62,973,666	61,634,562	65,857,036	18,793,703
-	-	227,513	596,290	571,055	530,839	759,103
-	-	227,513	596,290	571,055	530,839	759,103
79,729,345	72,373,864	67,905,557	63,569,956	62,205,617	66,387,875	19,552,806
(223,544,958)	(245,195,026)	(246,087,193)	(264,495,972)	(281,814,739)	(292,771,504)	(239,179,144)
-	-	(79,037)	(177,659)	(190,501)	(193,901)	(551,961)
(223,544,958)	(245,195,026)	(246,166,230)	(264,673,631)	(282,005,240)	(292,965,405)	(239,731,105)

LA JOYA INDEPENDENT SCHOOL DISTRICT  
GENERAL REVENUES AND CHANGES IN NET POSITION

LAST TEN YEARS

(Unaudited)

	2009	2010	2011	2012
<b>Net Governmental Activities</b>				
Governmental Activities	(243,043,183)	(228,759,564)	(243,884,881)	(223,544,958)
Business-Type Activities	-	-	-	-
Revenue /(Expense)	(243,043,183)	(228,759,564)	(243,884,881)	(223,544,958)
<b>General Revenue and Changes in Net Position:</b>				
Property Taxes -General	20,446,188	25,549,985	25,268,453	23,843,697
Property Taxes - Debt Service	5,481,163	3,076,978	3,024,941	2,854,911
Grants & Contributions not Restricted	197,762,869	218,683,132	221,788,932	201,532,089
Investment Earnings	7,825,549	932,760	387,082	540,829
Transfers In (Out)	-	-	-	-
Miscellaneous	2,040,226	1,872,151	2,183,859	756,333
Total Governmental Activities	233,555,995	250,115,006	252,653,267	229,527,859
<b>Business-Type Activities</b>				
Investment Earnings	-	-	-	-
Transfers In	-	-	-	-
Total Business-Type Activities	-	-	-	-
<b>Total Primary Government Net Revenue</b>	<b>233,555,995</b>	<b>250,115,006</b>	<b>252,653,267</b>	<b>229,527,859</b>
<b>Primary Government Changes in Net Position</b>				
Governmental Activities	(9,487,188)	21,355,442	8,768,386	5,982,901
Business-Type Activities	-	-	-	-
<b>Total Primary Government Changes in Net Position</b>	<b>(9,487,188)</b>	<b>21,355,442</b>	<b>8,768,386</b>	<b>5,982,901</b>

Source: Statement of Activities (Exhibit B-1)

Note: Implementation of GASB 63 and 65 for school year 2012-2013

Implementation of GASB 68 beginning school year 2014-2015

Implementation of GASB 68 beginning school year 2017-2018



SCHEDULE 3

2013	2014	2015	2016	2017	2018
(245,195,026)	(246,087,193)	(264,495,972)	(281,814,739)	(292,771,504)	(239,179,144)
-	(79,037)	(177,659)	(190,501)	(193,901)	(551,961)
(245,195,026)	(246,166,230)	(264,673,631)	(282,005,240)	(292,965,405)	(239,731,105)
24,196,972	24,358,314	24,489,071	25,219,526	25,532,141	26,271,354
2,925,399	2,924,209	2,944,812	3,025,777	3,075,668	3,160,760
214,974,277	223,811,160	233,499,235	256,695,287	241,062,100	235,153,528
584,658	284,508	278,039	626,872	981,356	1,458,681
-	(117,149)	(286,300)	(181,937)	(198,466)	(681,594)
3,246,272	2,134,436	2,544,920	4,256,590	3,720,009	3,493,818
245,927,578	253,395,478	263,469,777	289,642,115	274,172,808	268,856,547
-	50	94	195	84	421
-	106,593	286,300	181,937	198,466	681,594
-	106,643	286,394	182,132	198,550	682,015
245,927,578	253,502,121	263,756,171	289,824,247	274,371,358	269,538,562
732,552	7,308,285	(1,026,195)	7,827,376	(18,598,696)	29,677,403
-	27,606	108,735	(8,369)	4,649	130,054
732,552	7,335,891	(917,460)	7,819,007	(18,594,047)	29,807,457

LA JOYA INDEPENDENT SCHOOL DISTRICT  
FUND BALANCES  
GOVERNMENTAL FUNDS  
LAST TEN YEARS  
(Unaudited)

	2009	2010	2011	2012
<b>General Fund</b>				
<b>PRE GASB 54</b>				
<i>Reserved Fund Balances:</i>				
Investments in Inventory	\$ 982,932	\$ 1,016,019	\$ -	\$ -
Outstanding Encumbrances	762,908	2,021,058	-	-
Food Service	6,335,426	6,002,741	-	-
Other Purposes	1,678,074	2,531,099	-	-
<i>Unreserved Designated For:</i>				
Construction	35,500,000	35,500,000	-	-
<i>Unreserved and Undesignated:</i>				
Reported in the General Fund	18,100,781	46,544,622	-	-
<b>POST GASB 54</b>				
<i>Nonspendable:</i>				
Investments in Inventory	-	-	986,877	1,174,816
Prepaid Items	-	-	-	-
<i>Restricted:</i>				
Food Service/Federal or State Funds	-	-	9,555,788	5,058,235
<i>Committed:</i>				
Construction	-	-	35,500,000	35,500,000
<i>Assigned:</i>				
Other Purposes	-	-	1,260,362	12,345,825
<i>Unassigned:</i>				
Reported in the General Fund	-	-	65,005,702	57,507,245
<b>Total General Fund Balance</b>	<b>63,360,121</b>	<b>93,615,539</b>	<b>112,308,729</b>	<b>111,586,121</b>
<b>All Other Governmental Funds</b>				
<b>PRE GASB 54</b>				
<i>Reserved, Reported In:</i>				
Nonmajor Governmental Funds				
Other Reserves	1,498,005	775,873	-	-
Debt Service				
Retirement of Long Term Debt	5,290,433	3,294,313	-	-
<i>Unreserved Designated, Reported In:</i>				
Capital Projects Fund Construction	78,220,990	21,437,007	-	-
<b>POST GASB 54</b>				
Nonmajor Governmental Funds				
<i>Restricted:</i>				
Food Service/Federal or State Funds	-	-	450,399	42,277
Other Reserved/Restricted Fund Balance	-	-	466,741	452,051
Debt Service				
<i>Restricted:</i>				
Retirement of Long Term Debt	-	-	586,385	-
Capital Projects				
<i>Committed:</i>				
Construction	-	-	7,498,339	7,352,765
Other Committed Fund Balance	-	-	-	335,928
<b>Total All Other Governmental Fund Bal</b>	<b>85,009,428</b>	<b>25,507,193</b>	<b>9,001,864</b>	<b>8,183,021</b>
<b>Total Government funds -- Fund Balance</b>	<b>\$ 148,369,549</b>	<b>\$ 119,122,732</b>	<b>\$ 121,310,593</b>	<b>\$ 119,769,142</b>
<b>Governmental Funds</b>				
Beginning fund Balance	\$ 146,417,374	\$ 148,369,549	\$ 119,122,732	\$ 121,310,593
Net Change in Fund Balance	1,952,175	(29,246,817)	2,187,861	(1,541,451)
<b>Ending Balance</b>	<b>\$ 148,369,549</b>	<b>\$ 119,122,732</b>	<b>\$ 121,310,593</b>	<b>\$ 119,769,142</b>

Source: Governmental Funds Balance Sheets (Exhibit C-1)

Note: Implementation of GASB 63 and 65 for school year 2012-2013, and GASB 54 for school year 2010-2011.

Implementation of GASB 68 beginning school year 2014-2015

## SCHEDULE 4

	2013	2014	2015	2016	2017	2018
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,802,281	2,112,771	2,011,653	2,630,926	2,482,034	2,392,326
	-	-	-	-	-	307,424
	5,181,041	7,729,021	7,265,310	7,188,140	6,341,290	5,339,061
	35,500,000	35,500,000	35,500,000	35,500,000	35,500,000	7,916,311
	26,160,997	50,491,847	38,756,177	46,196,828	34,768,463	6,686,288
	47,409,767	20,892,619	26,890,858	22,400,718	14,044,056	50,475,385
	116,054,086	116,726,258	110,423,998	113,916,612	93,135,843	73,116,795
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	61,784	-	-	-	-	-
	215,556	105,247	185,768	262,391	243,096	230,915
	-	-	-	-	-	-
	1,946,079	543,466	132,998	-	-	-
	328,310	364,334	387,331	367,631	385,454	394,978
	2,551,729	1,013,047	706,097	630,022	628,550	625,893
\$	118,605,815	\$ 117,739,305	\$ 111,130,095	\$ 114,546,634	\$ 93,764,393	\$ 73,742,688
\$	119,769,142	\$ 119,769,142	\$ 118,605,815	\$ 111,130,095	\$ 114,546,634	\$ 93,764,393
	(1,163,327)	(2,029,837)	(7,475,720)	3,416,539	(20,782,241)	(20,021,705)
\$	118,605,815	\$ 117,739,305	\$ 111,130,095	\$ 114,546,634	\$ 93,764,393	\$ 73,742,688

LA JOYA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUND REVENUES BY SOURCE

LAST TEN YEARS

(Unaudited)

Fiscal Year	Local and Intermediate Sources			State Programs	
	Property Tax	Tuition	Other	Per Capita and Foundation	On-behalf Payments*
2009	25,926,193	26,180	10,901,591	158,485,482	8,150,505
2010	28,323,854	26,030	3,775,988	177,028,596	9,264,792
2011	28,511,729	10,790	3,565,352	180,837,098	9,829,979
2012	26,971,000	-	5,050,715	181,004,504	10,098,711
2013	27,037,626	-	5,392,887	194,588,955	9,691,716
2014	27,750,753	-	5,372,436	208,078,498	9,545,778
2015	28,057,342	-	5,083,982	218,273,233	9,343,889
2016	28,048,368	-	6,323,614	228,699,514	9,457,867
2017	28,740,373	-	7,010,949	222,813,785	10,252,566
2018	29,695,005	-	7,837,681	224,354,867	9,556,727

Source: Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances (Exhibit C-3)  
Schedule of Delinquent Taxes (Exhibit J-1)

\* Includes Medicare Part-D

SCHEDULE 5

Other	Federal Programs	Total
25,458,920	47,314,173	276,263,044
27,074,256	77,250,174	322,743,691
24,730,063	71,440,679	318,928,690
21,622,349	64,082,402	308,829,681
16,784,419	61,637,077	315,132,673
11,523,558	58,592,303	320,863,326
13,129,076	52,077,095	325,964,617
17,052,525	53,388,278	342,970,166
13,427,240	54,857,380	337,102,293
14,512,213	55,754,054	341,710,547

LA JOYA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION

LAST TEN YEARS

(Unaudited)

	2009	2010	2011
11 Instruction	142,443,788	153,373,670	154,351,905
12 Instructional Resources and Media Services	5,363,333	7,615,782	6,370,934
13 Curriculum and instructional Staff Development	5,750,992	6,922,610	6,523,542
21 Instructional Leadership	3,208,564	3,213,182	3,250,185
23 School Leadership	12,870,085	13,549,303	14,795,054
31 Guidance, Counseling, and Evaluation Services	9,469,515	10,442,421	11,286,123
32 Social Work Services	2,190,255	2,397,857	2,722,929
33 Health Services	2,627,832	2,821,111	3,115,112
34 Student (Pupil) Transportation	7,910,684	8,313,033	8,562,138
35 Food Services	17,013,459	18,487,511	17,267,771
36 Extracurricular Activities	8,468,602	9,266,353	9,265,496
41 General Administration	6,516,475	6,645,281	7,172,618
51 Facilities Maintenance and Operations	24,116,258	23,278,750	25,383,907
52 Security and Monitoring Services	2,708,723	2,856,065	3,165,483
53 Data Processing Services	1,039,152	819,789	854,734
61 Community Services	1,214,668	1,167,838	1,213,550
71 Debt Service - Principal on Long Term Debt	9,261,806	9,782,351	10,210,000
72 Debt Service - Interest on Long Term Debt	16,132,808	15,168,777	14,924,369
73 Debt Service - Bond Issuance Cost and Fees	847,619	402,996	10,573
81 Facilities Acquisition and Construction	90,277,194	60,654,573	16,530,221
95 Payments to Juvenile Justice Alternative Ed. Prg.	61,651	41,479	30,889
99 Other Intergovernmental Charges	-	-	-
Total Expenditures	369,493,463	357,220,732	317,007,533

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit C-3)

## SCHEDULE 6

2012	2013	2014	2015	2016	2017	2018
151,553,936	152,468,792	161,269,884	165,815,778	166,148,470	169,310,480	168,701,590
7,497,403	6,461,043	6,389,776	7,296,951	7,562,643	7,267,040	7,353,054
6,625,681	7,199,782	5,563,369	5,689,001	5,746,334	7,046,780	7,691,883
3,552,474	3,963,167	4,128,706	4,160,402	4,353,455	5,291,263	4,907,850
15,063,767	15,694,438	16,229,435	16,858,203	17,856,469	19,119,117	18,527,117
11,076,557	10,679,680	11,526,109	12,820,697	13,214,564	13,502,839	14,347,629
2,588,662	2,828,367	2,825,879	2,843,207	2,870,848	2,858,089	3,142,624
3,078,263	3,290,911	3,363,742	3,341,374	3,458,255	3,562,539	3,653,813
7,276,158	7,578,221	8,975,008	9,331,508	13,027,481	11,675,144	10,998,361
18,546,588	20,020,696	19,969,979	22,031,050	21,874,505	21,869,371	21,379,059
8,265,027	8,779,129	9,118,105	10,922,224	11,630,784	12,073,790	12,835,057
7,121,413	6,843,478	7,254,771	8,267,077	9,450,667	14,133,415	9,786,283
28,126,971	26,940,804	26,805,175	31,362,910	32,796,589	32,289,163	34,335,143
3,190,186	3,512,310	3,572,012	4,098,302	4,600,119	5,040,091	6,495,905
891,444	935,293	1,011,812	1,369,633	1,279,284	1,245,637	1,624,998
1,306,942	1,253,454	1,152,754	964,296	1,061,636	1,332,174	1,161,987
9,862,137	9,279,649	11,156,429	12,050,330	12,461,521	13,450,659	11,868,546
15,020,431	12,717,477	13,419,846	12,816,916	12,311,225	12,031,763	13,324,418
998,021	3,234,974	291,175	499,944	11,340	199,177	22,190
10,408,458	12,362,184	9,670,269	6,420,178	5,009,869	18,124,526	13,127,424
3,634	-	-	2,236	-	1,140	-
-	278,093	256,606	284,730	272,972	271,181	272,537
312,054,153	316,321,942	323,950,841	339,246,947	346,999,030	371,695,378	365,557,468

LA JOYA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Instruction and Instructional Related Services (1X)	Instructional and School Leadership (2X)	Support Services Student (Pupil) (3X)	Administrative Support Services (4X)	Support Services Nonstudent Based (5X)	Ancillary Services (6X)
2009	153,558,113	16,078,649	47,680,347	6,516,475	27,864,133	1,214,668
2010	167,912,062	16,762,485	51,728,286	6,645,281	26,954,604	1,167,838
2011	167,246,381	18,045,239	52,219,569	7,172,618	29,404,124	1,213,550
2012	165,677,020	18,616,241	50,831,255	7,121,413	32,208,601	1,306,942
2013	166,129,617	19,657,605	53,177,004	6,843,478	31,388,407	1,253,454
2014	173,223,029	20,358,141	55,778,822	7,254,771	31,388,999	1,152,754
2015	178,801,730	21,018,605	61,290,060	8,267,077	36,830,845	964,296
2016	179,457,447	22,209,924	66,076,437	9,450,667	38,675,992	1,061,636
2017	183,624,300	24,410,380	65,541,772	14,133,415	38,574,891	1,332,174
2018	183,746,527	23,434,967	66,356,543	9,786,283	42,456,046	1,161,987

Source: Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances (Exhibit C-3)

\* Ratio of Debt Services to Non-Capital Expenditures Percentage was calculated as follows:  

$$\frac{(\text{Debt Service Principal} + \text{Debt Service Interest})}{(\text{Total Expenditures} - \text{Capital Outlay} [\text{Note 8}])}$$

$$(11,868,546 + 13,324,418) / (365,557,468 - 16,234,689)$$



## SCHEDULE 7

Debt Service Principal (71)	Debt Service Interest (72)	Debt Service Other (73)	Capital Outlay (8X)	Inter- Governmental Charges (9X)	Total Governmental Fund Expenditures	*Ratio of Debt Service to Non Capital Expenditures
9,261,806	16,132,808	847,619	90,277,194	61,651	369,493,463	9.17%
9,782,351	15,168,777	402,996	60,654,573	41,479	357,220,732	8.57%
10,210,000	14,924,369	10,573	16,530,221	30,889	317,007,533	8.46%
9,862,137	15,020,431	998,021	10,408,458	3,634	312,054,153	8.40%
9,279,649	12,717,477	3,234,974	12,362,184	278,093	316,321,942	7.29%
11,156,429	13,419,846	291,175	9,670,269	256,606	323,950,841	7.93%
12,050,330	12,816,916	499,944	6,420,178	286,966	339,246,947	7.58%
12,461,521	12,311,225	11,340	5,009,869	272,972	346,999,030	7.49%
13,450,659	12,031,763	199,177	18,124,526	272,321	371,695,378	7.30%
11,868,546	13,324,418	22,190	13,127,424	272,537	365,557,468	7.21%

LA JOYA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUNDS OTHER SOURCES, USES  
AND CHANGES IN FUND BALANCES

LAST TEN YEARS

(Unaudited)

	2009	2010	2011	2012
Excess of Revenues Over (Under) Expenditures	(93,230,419)	(34,477,044)	1,921,155	(3,224,472)
Other Financing Sources (Uses)				
Issuance of Bonds	-	-	-	-
Capital-Related Debt Issued	94,854,968	25,015,000	-	83,218,266
Sale of Real and Personal Property	59,207	-	110,390	-
Capital Leases	-	-	-	-
Transfers In	31,421,607	15,996,609	16,004,527	12,876,157
Premium or Discount on Issuance of Bonds	-	2,388,016	-	12,276,581
Prepaid Interest	-	-	-	48,370
Other Resources	-	86,361	-	-
Transfers Out	(31,421,607)	(15,996,609)	(16,004,528)	(13,018,667)
Payment to Bond Refinancing Escrow Agent	-	(27,019,010)	-	-
Other Uses	-	-	-	(94,506,951)
Total Other Financing Sources (Uses)	94,914,175	470,367	110,389	893,756
Net Change in Fund Balances	\$ 1,683,756	\$ (34,006,677)	\$ 2,031,544	\$ (2,330,716)

Source: Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit C-3)

SCHEDULE 8

2013	2014	2015	2016	2017	2018
(1,189,264)	(3,087,515)	(13,282,330)	(4,028,864)	(34,593,085)	(23,846,921)
87,847,680	-	-	-	7,765,000	-
-	20,239,883	35,540,000	-	-	-
150,202	93,184	59,467	-	106,575	108,361
-	1,339,200	1,387,200	5,500,000	12,998,791	2,307,571
17,261,290	9,830,695	5,494,582	1,868,170	9,461,889	8,125,616
20,158,521	1,749,910	5,777,917	-	913,180	-
-	-	-	-	-	-
2,231,427	-	626,728	-	-	-
(17,422,324)	(10,122,114)	(5,963,440)	(2,235,974)	(9,966,618)	(8,957,007)
(109,245,286)	(21,709,813)	(41,459,462)	-	(8,485,278)	-
(1,962,743)	(40,000)	-	-	-	-
(981,233)	1,380,945	1,462,992	5,132,196	12,793,539	1,584,541
\$ (2,170,497)	\$ (1,706,570)	\$ (11,819,338)	\$ 1,103,332	\$ (21,799,546)	\$ (22,262,380)

LA JOYA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION  
PER AVERAGE DAILY ATTENDANCE

LAST TEN YEARS

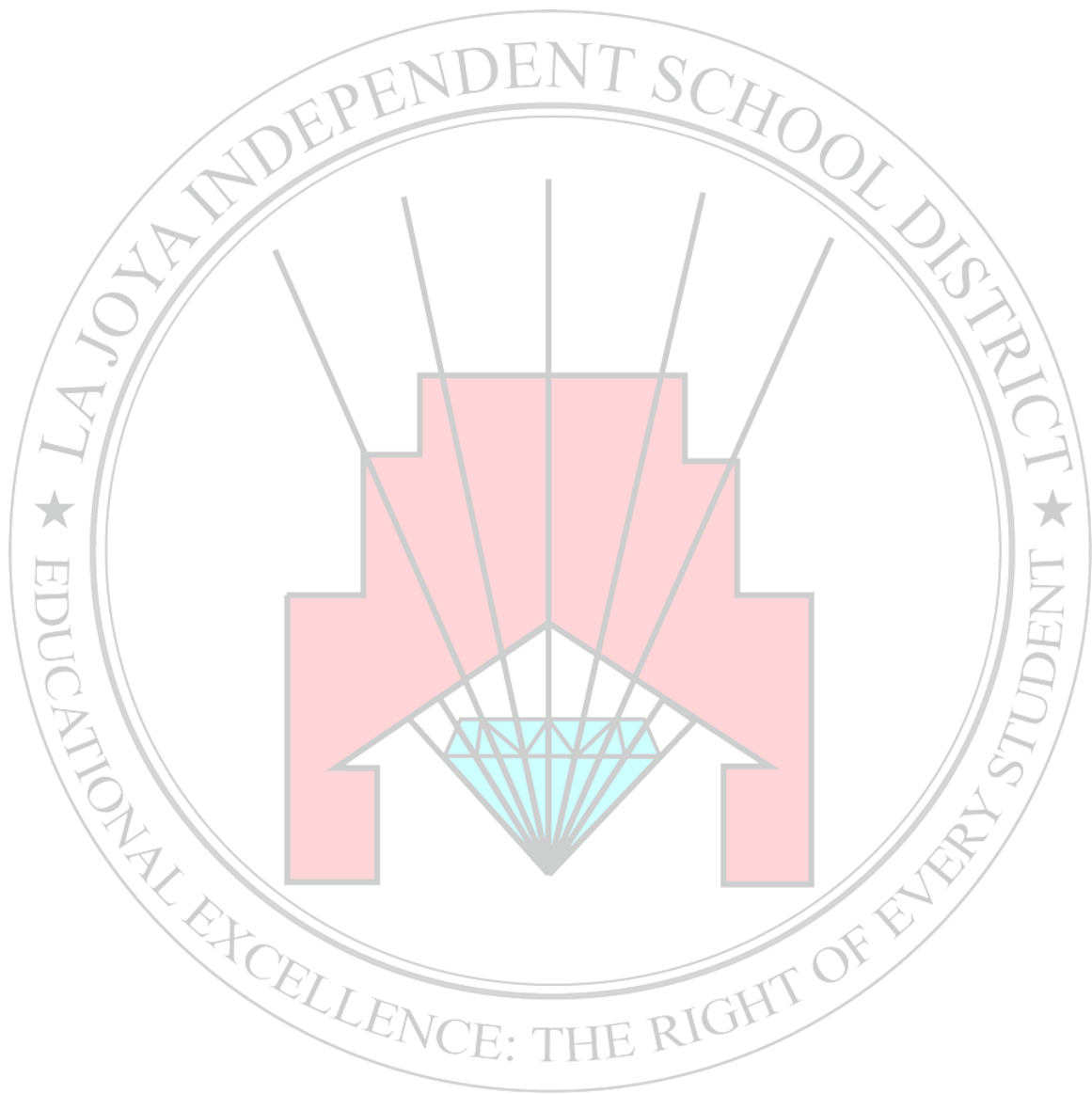
(Unaudited)

Fiscal Year	Average Daily Attendance	Instruction and Instructional Related Services	Instructional and School Leadership	Support Services Student (Pupil)	Administrative Support Services	Support Services Nonstudent Based
2009	24,465	6,277	657	1,949	266	1,139
2010	25,149	6,677	667	2,057	264	1,072
2011	25,783	6,487	700	2,025	278	1,140
2012	26,132	6,340	712	1,945	273	1,233
2013	26,253	6,328	749	2,026	261	1,196
2014	26,707	6,486	762	2,089	272	1,175
2015	26,774	6,678	785	2,289	309	1,376
2016	26,816	6,692	828	2,464	352	1,442
2017	26,610	6,901	917	2,463	531	1,450
2018	26,149	7,027	896	2,538	374	1,624

Note: Average Daily Attendance - the average daily attendance of eligible enrollees, district-wide, over the official number of instructional days.

SCHEDULE 9

Ancillary Services	Debt Service Principal	Debt Service Interest and Other	Capital Outlay	Inter- Governmental Charges	Total
50	379	659	3,690	3	15,069
46	389	603	2,412	2	14,189
47	396	579	641	1	12,294
50	377	575	398	-	11,903
48	353	484	471	11	11,927
43	418	502	362	10	12,119
36	450	479	240	11	12,653
40	465	459	187	10	12,939
50	505	452	681	10	13,960
44	454	510	502	10	13,979



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## **REVENUE AND EXPENDITURE CAPACITY**

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN YEARS

(Unaudited)

Fiscal Year	Tax Year	Assessed Value			
		Real Property	Personal Property	Less Exemptions	Less Adjustments
2009	2008	1,963,441,799	644,511,838	648,073,613	36,382,006
2010	2009	2,579,737,362	566,621,791	570,415,546	342,652,574
2011	2010	2,558,107,058	566,934,895	588,065,462	325,136,030
2012	2011	2,573,656,934	441,358,296	605,872,642	322,056,054
2013	2012	2,640,332,266	405,324,362	614,712,160	299,385,491
2014	2013	2,672,822,235	392,967,371	633,185,135	294,148,811
2015	2014	2,681,923,981	377,622,851	636,209,318	289,861,017
2016	2015	3,032,256,596	324,099,308	776,245,728	391,437,364
2017	2016	3,100,135,311	321,760,424	805,458,416	363,047,217
2018	2017	3,137,321,243	334,127,081	809,615,791	350,016,340

Source: Hidalgo County Appraisal District Certified Appraisal Roll ARB Approved Totals Report



<u>Total</u>		Estimated Actual Value	Ratio of Total Assessed To Total Estimated Actual Value	Total Direct Tax Rate
\$	1,996,262,030	2,607,953,637	76.55%	1.321600
\$	2,233,291,033	3,146,359,153	70.98%	1.311000
\$	2,211,840,461	3,125,041,953	70.78%	1.311000
\$	2,087,086,534	3,015,015,230	69.22%	1.311000
\$	2,131,558,977	3,045,656,628	69.99%	1.311000
\$	2,138,455,660	3,065,789,606	69.75%	1.311000
\$	2,133,476,497	3,059,546,832	69.73%	1.311000
\$	2,188,672,812	3,356,355,904	65.21%	1.311000
\$	2,253,390,102	3,421,895,735	65.85%	1.311000
\$	2,311,816,193	3,471,448,324	66.60%	1.311000

LA JOYA INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS

(Unaudited)

Fiscal Year	*Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	26,032,853	22,945,271	88.14%	2,745,778	25,691,049	98.69%
2010	28,856,720	25,397,166	88.01%	3,064,150	28,461,316	98.63%
2011	28,434,900	25,335,097	89.10%	2,715,443	28,050,540	98.65%
2012	26,694,751	24,131,456	90.40%	2,256,739	26,388,195	98.85%
2013	27,395,440	24,623,133	89.88%	2,343,455	26,966,588	98.43%
2014	27,379,290	24,862,852	90.81%	2,040,116	26,902,968	98.26%
2015	27,615,546	25,262,756	91.48%	1,717,745	26,980,501	97.70%
2016	28,381,525	25,895,545	91.24%	1,595,291	27,490,836	96.86%
2017	28,846,235	26,355,614	91.37%	1,134,760	27,490,374	95.30%
2018	29,622,395	27,280,200	92.09%	-	27,280,200	92.09%

Source: Schedule of Delinquent Taxes (Exhibit J-1)

\*Taxes levied net adjustments.

LA JOYA INDEPENDENT SCHOOL DISTRICT  
ALLOCATION OF PROPERTY TAX RATES AND LEVIES

LAST TEN YEARS

(Unaudited)

Fiscal Year	Tax Rates (Per \$100 of Assessed Value)			Tax Levies		
	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Original Levy Total
2009	1.040000	0.281600	1.321600	\$ 20,138,598	\$ 5,452,913	\$ 25,591,511
2010	1.170000	0.141000	1.311000	\$ 25,783,348	\$ 3,107,224	\$ 28,890,572
2011	1.170000	0.141000	1.311000	\$ 25,486,046	\$ 3,071,395	\$ 28,557,441
2012	1.170000	0.141000	1.311000	\$ 24,031,995	\$ 2,896,163	\$ 26,928,158
2013	1.170000	0.141000	1.311000	\$ 24,529,594	\$ 2,956,130	\$ 27,485,724
2014	1.170000	0.141000	1.311000	\$ 24,638,987	\$ 2,969,314	\$ 27,608,301
2015	1.170000	0.141000	1.311000	\$ 24,600,169	\$ 2,964,636	\$ 27,564,805
2016	1.170000	0.141000	1.311000	\$ 25,211,139	\$ 3,038,265	\$ 28,249,404
2017	1.170000	0.141000	1.311000	\$ 25,965,432	\$ 3,129,168	\$ 29,094,600
2018	1.170000	0.141000	1.311000	\$ 26,645,298	\$ 3,211,100	\$ 29,856,398

Source: Schedule of Delinquent Taxes (Exhibit J-1)

Note: The basis for the property tax rate is \$100 assessed valuation.

LA JOYA INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$100 ASSESSED VALUATION)

LAST TEN YEARS

(Unaudited)

Fiscal Year	Tax Year	District Direct Rates			Overlapping Tax Rates		
		La Joya Independent School District			Hidalgo County	Drainage District #1	City of Alton
2009	2008	1.040000	0.281600	1.321600	0.59000	0.04130	0.42660
2010	2009	1.170000	0.141000	1.311000	0.59000	0.04920	0.49990
2011	2010	1.170000	0.141000	1.311000	0.59000	0.07000	0.49740
2012	2011	1.170000	0.141000	1.311000	0.59000	0.07250	0.49500
2013	2012	1.170000	0.141000	1.311000	0.59000	0.07250	0.48500
2014	2013	1.170000	0.141000	1.311000	0.59000	0.09570	0.46240
2015	2014	1.170000	0.141000	1.311000	0.59000	0.09570	0.45910
2016	2015	1.170000	0.141000	1.311000	0.59000	0.09510	0.45400
2017	2016	1.170000	0.141000	1.311000	0.58000	0.09510	0.44400
2018	2017	1.170000	0.141000	1.311000	0.58000	0.09510	0.44400

Source: Hidalgo County Tax Assessor - Collector Tax Rate Schedule

City of La Joya	City of Mission	City of Palmview	City of Penitas	City of Sullivan City	South Texas ISD	South Texas College	Total Direct and Overlapping Tax Rate
0.58620	0.55660	0.33701	0.30000	0.30000	0.03920	0.15480	4.65331
0.56010	0.55660	0.35215	0.27500	0.32600	0.04920	0.15400	4.72315
0.56780	0.56660	0.53923	0.33890	0.32600	0.04920	0.14980	5.00593
0.51760	0.55660	0.44380	0.30850	0.32320	0.04920	0.14910	4.81650
0.53230	0.55660	0.45340	0.32960	0.32200	0.04920	0.14970	4.85130
0.56780	0.52880	0.46650	0.43450	0.41600	0.04920	0.15000	5.07190
0.57000	0.51880	0.47900	0.45950	0.44780	0.04920	0.18500	5.16510
0.54350	0.49880	0.47510	0.50600	0.46680	0.04920	0.18500	5.17450
0.52510	0.48620	0.50010	0.55620	0.50000	0.04920	0.18500	5.23190
0.56680	0.48620	0.50010	0.55620	0.50000	0.04920	0.17800	5.26660

LA JOYA INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS PRIOR

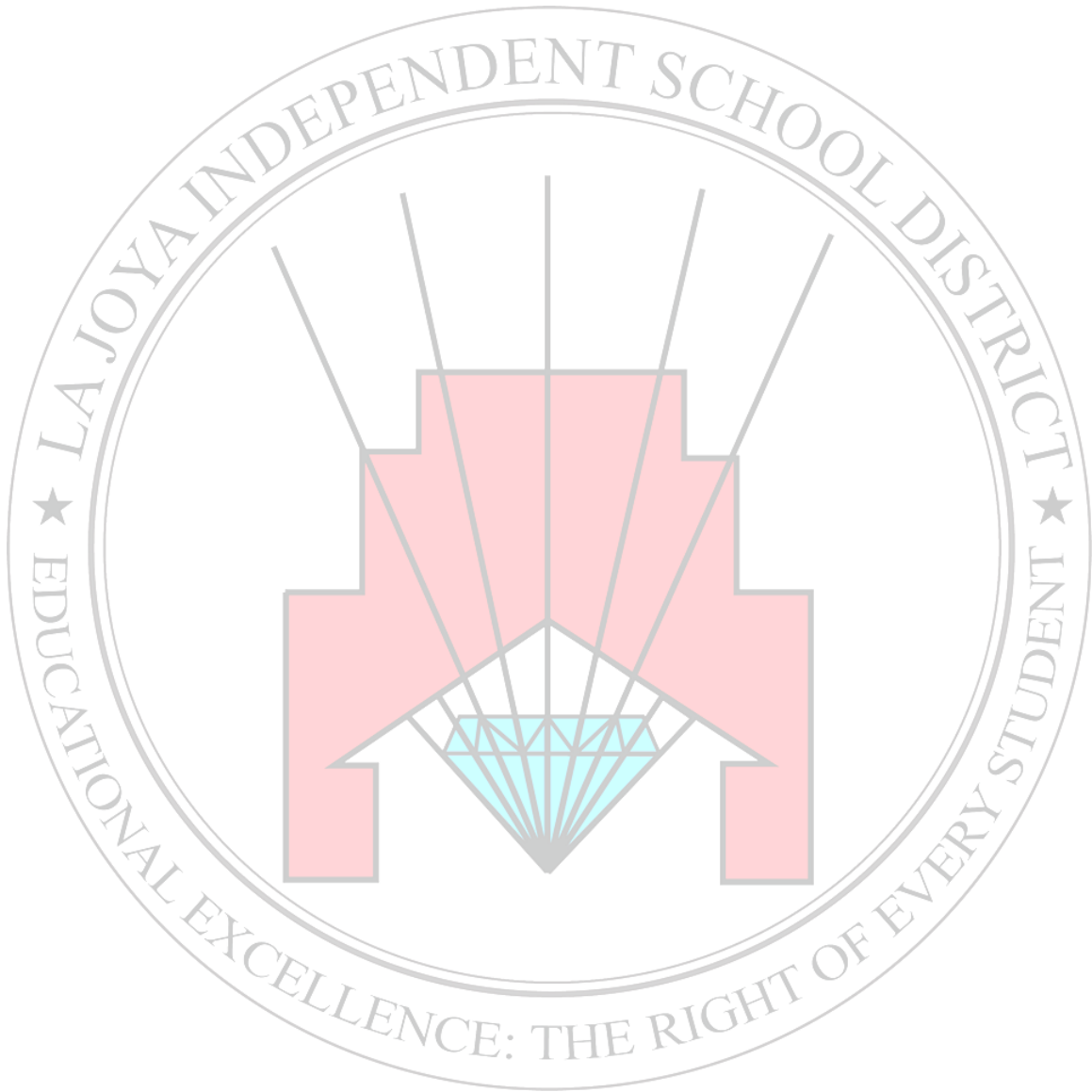
(Unaudited)

Taxpayer	Type of Business	Fiscal Year 2018		
		Tax Year 2017 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Frontera Generation Ltd. Partnership	Utility	57,631,060	1	2.49%
AEP Texas Central Co.	Utility	44,014,390	2	1.90%
Wonderful Citrus Packing LLC	Agriculture	35,049,171	3	1.52%
Cantera Operating LLC	Oil & Gas	19,655,341	4	0.85%
Houston Pipeline Co. LP	Pipeline	9,044,970	5	0.39%
Wal-Mart Real Estate Business Trust	Real Estate	8,929,058	6	0.39%
H E Butt Grocery Company	Retail	8,583,178	7	0.37%
Kinder Morgan Border Pipeline	Pipeline	7,997,730	8	0.35%
Hilcorp Energy I LP	Oil & Gas	7,611,364	9	0.33%
Wal-Mart Stores Texas LLC	Retail	5,653,417	10	0.24%
El Paso Production Oil & Gas	Oil & Gas			
XTO Energy Inc	Energy			
Kerr-McGee Oil & Gas	Oil & Gas			
Fidelity Exploration & Production Co.	Oil & Gas			
Capital Star Oil & Gas	Oil & Gas			
Smith Production Inc.	Land/Improvements			
Coates Energy Trust	Trust			
Halliburton Energy Services (HS)	Energy			
Totals		\$ 204,169,679		8.83%
Total Taxable Assessed Valuation		2,311,816,193		

Source: Municipal Advisory Council of Texas, Hidalgo County Tax Office, and J-1 Schedule

Fiscal Year 2009		
Tax Year 2008 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
82,417,210	2	4.44%
15,381,550	9	0.83%
157,608,390	1	8.49%
43,053,470	3	2.32%
24,441,010	4	1.32%
24,067,370	5	1.30%
21,129,040	6	1.14%
16,402,310	7	0.88%
15,417,010	8	0.83%
13,613,760	10	0.73%
<u>\$ 413,531,120</u>		<u>22.27%</u>

1,856,922,723



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## **DEBT CAPACITY**

LA JOYA INDEPENDENT SCHOOL DISTRICT  
OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

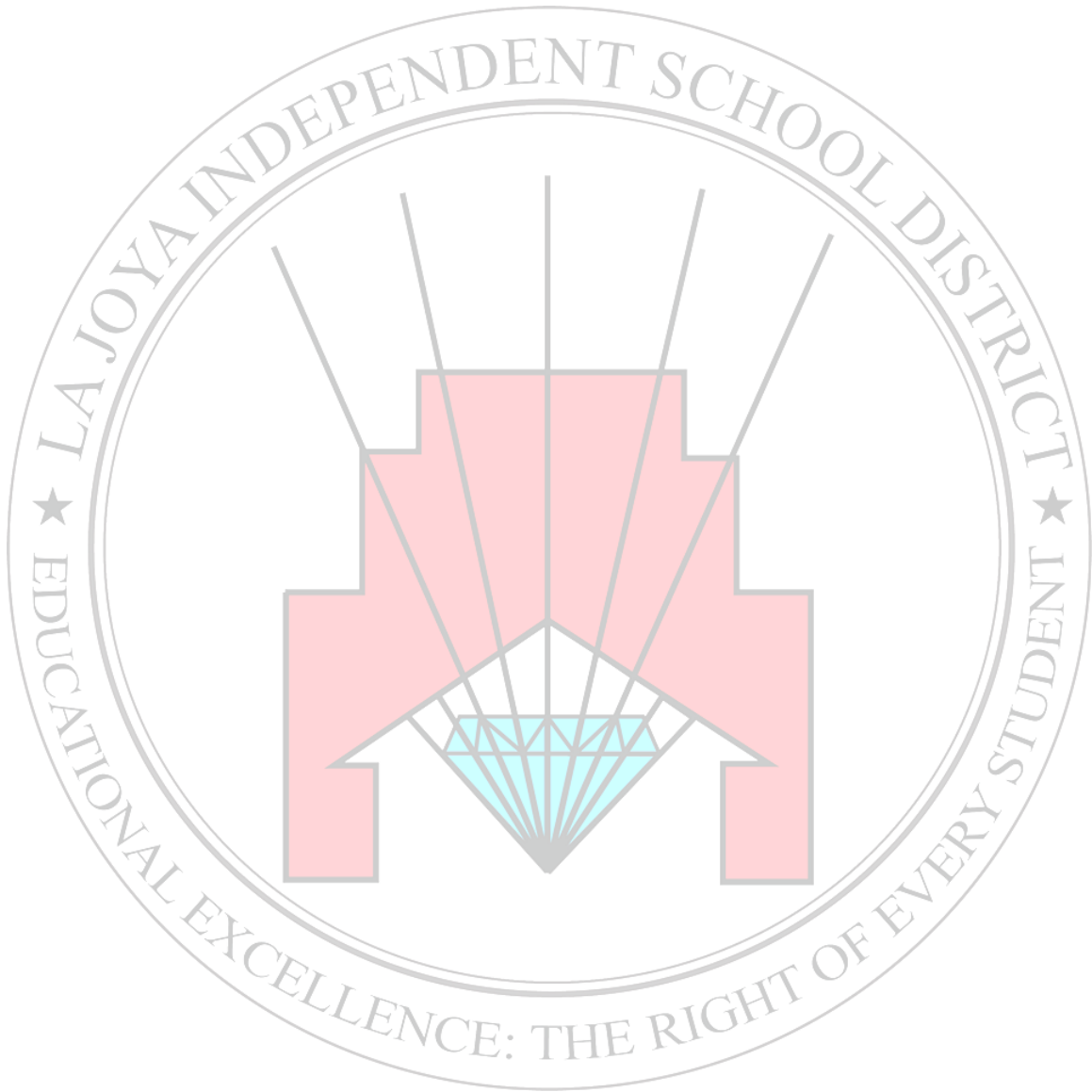
(Unaudited)

Fiscal Year	General Obligation & Refunding Bonds	Bond Premiums	Notes Payable	Capital Leases	Capital Appreciation Bonds
2009	325,156,796	-	137,351	-	9,134,118
2010	315,476,796	-	-	-	9,775,636
2011	305,266,796	4,615,029	-	22,139	10,461,468
2012	294,898,088	16,008,000	-	18,032	9,355,784
2013	281,941,119	34,505,109	-	13,601	8,241,722
2014	271,223,156	34,399,173	-	899,436	7,197,187
2015	257,656,704	37,839,751	-	1,372,597	6,194,760
2016	246,101,728	34,042,471	-	5,962,396	5,305,346
2017	233,898,332	32,030,009	-	17,433,925	4,672,374
2018	223,190,945	29,674,349	-	18,580,337	2,099,551

Source: Note 10 Bonds and Long-Term Obligations  
Note 11 Changes in Long-term Obligations

SCHEDULE 15

	<u>Total Debt</u>	<u>Ratio of Total Debt to Estimated Actual Property Value</u>	<u>Percent of Debt to Total Personal Income</u>	<u>Total Debt Per Average Daily Membership</u>	<u>Average Daily Membership</u>
\$	334,428,265	13.35%	2.20%	12,448	26,866
\$	325,252,432	12.47%	2.03%	11,720	27,753
\$	320,365,432	10.18%	1.89%	11,489	27,885
\$	320,279,904	10.25%	1.80%	11,141	28,748
\$	324,701,551	10.77%	1.77%	11,204	28,980
\$	313,718,952	10.23%	1.67%	10,675	29,388
\$	303,063,812	9.91%	1.54%	10,208	29,690
\$	291,411,941	8.68%	1.41%	9,971	29,227
\$	288,034,640	8.42%	1.38%	9,916	29,048
\$	273,545,182	11.83%	1.24%	9,658	28,323



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LA JOYA INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING DEBT  
GENERAL OBLIGATION BONDS

As of August 31, 2018

(Unaudited)

Political Subdivision	Gross Debt Amount	As of	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
City of Alton	10,086,000	8/31/2018	2.68%	\$ 270,305
Hidalgo County	196,855,000	8/31/2018	7.65%	15,059,408
Hidalgo County Drainage District No. 1	129,300,000	8/31/2018	5.93%	7,667,490
City of La Joya	-	8/31/2018	100.00%	-
City of Mission	36,235,000	8/31/2018	10.03%	3,634,371
City of Palmview	4,835,515	8/31/2018	99.66%	4,819,074
City of Penitas	5,342,000	8/31/2018	99.95%	5,339,329
South Texas College	143,065,000	8/31/2018	6.24%	8,927,256
Total				<u>\$ 45,717,232</u>
La Joya ISD Direct Debt		8/31/2018	100.00%	<u>\$ 273,545,182</u>
Total Direct and Overlapping Debt				<u><u>\$ 319,262,414</u></u>

Source: Texas Municipal Reports and Long-Term Liabilities Note

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the district. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the district. This process recognizes that, when considering the district's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping governmental.

LA JOYA INDEPENDENT SCHOOL DISTRICT  
COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN YEARS

(Unaudited)

Fiscal Year Ending August 31,	2009	2010	2011	2012
Assessed Valuation	\$1,856,922,723	\$1,996,262,030	\$2,233,291,033	\$2,211,840,461
Debt Limit - 10% of Assessed Valuation	185,692,272	199,626,203	223,329,103	221,184,046
General Obligation Bonds	334,428,265	325,252,432	320,365,432	320,279,904
Less: Instructional Facilities Allotment & Existing Debt Allotment	195,162,036	262,024,546	254,835,280	266,750,037
	139,266,229	63,227,886	65,530,152	53,529,867
Deduct Amount Available in Debt Service Fund	5,290,433	3,294,313	586,385	-
Applicable Debt Margin	133,975,796	59,933,573	64,943,767	53,529,867
Legal Debt Margin	51,716,476	139,692,630	158,385,336	167,654,179
Debt Margin as a Percentage of the Debt Limit	27.85%	69.98%	70.92%	75.80%

Source: La Joya Independent School District Annual Audit and Continuing Disclosure Reports

## SCHEDULE 17

2013	2014	2015	2016	2017	2018
<u>\$2,087,086,534</u>	<u>\$2,138,455,660</u>	<u>\$2,133,476,497</u>	<u>\$2,188,672,812</u>	<u>\$2,253,390,102</u>	<u>\$2,311,816,193</u>
208,708,653	213,845,566	213,347,650	218,867,281	225,339,010	231,181,619
324,701,551	313,718,952	303,063,812	291,411,941	288,034,640	273,545,182
<u>237,332,085</u>	<u>244,700,783</u>	<u>236,389,773</u>	<u>227,301,314</u>	<u>224,667,019</u>	<u>213,365,242</u>
87,369,466	69,018,169	66,674,039	64,110,627	63,367,621	60,179,940
-	-	-	-	-	-
<u>66,109,563</u>	<u>69,018,169</u>	<u>66,674,039</u>	<u>64,110,627</u>	<u>63,367,621</u>	<u>60,179,940</u>
<u>142,599,091</u>	<u>144,827,397</u>	<u>146,673,611</u>	<u>154,756,654</u>	<u>161,971,389</u>	<u>171,001,679</u>
68.32%	67.73%	68.75%	70.71%	71.88%	73.97%

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 RATIO OF NET GENERAL OBLIGATION BONDED DEBT  
 TO ESTIMATED ACTUAL VALUE AND  
 PER AVERAGE DAILY MEMBERSHIP

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Membership	Estimated Actual Value	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Average Daily Membership
2009	26,866	2,505,323,857	\$ 334,428,265	13.35%	12,448
2010	27,753	2,607,953,637	\$ 325,252,432	12.47%	11,720
2011	27,885	3,146,359,153	\$ 320,343,293	10.18%	11,488
2012	28,748	3,125,041,953	\$ 320,261,872	10.25%	11,140
2013	28,980	3,015,015,230	\$ 324,687,950	10.77%	11,204
2014	29,388	3,065,789,606	\$ 312,819,516	10.20%	10,644
2015	29,690	3,059,546,832	\$ 301,691,215	9.86%	10,161
2016	29,227	3,356,355,904	\$ 285,449,545	8.50%	9,767
2017	29,048	3,421,895,735	\$ 270,600,715	7.91%	9,316
2018	28,323	3,471,448,324	\$ 254,964,845	7.34%	9,002

Source: Hidalgo County Appraisal District Certified Appraisal Roll ARB Approved Totals Report

Note: Average Daily Membership represents the average daily enrollment of students, district-wide, over the official number of instructional days.

Note: Estimated actual property value and average daily membership are used because they are more relevant to the school district than personal income and population.

Note: Net Bonded Debt excludes capital leases.



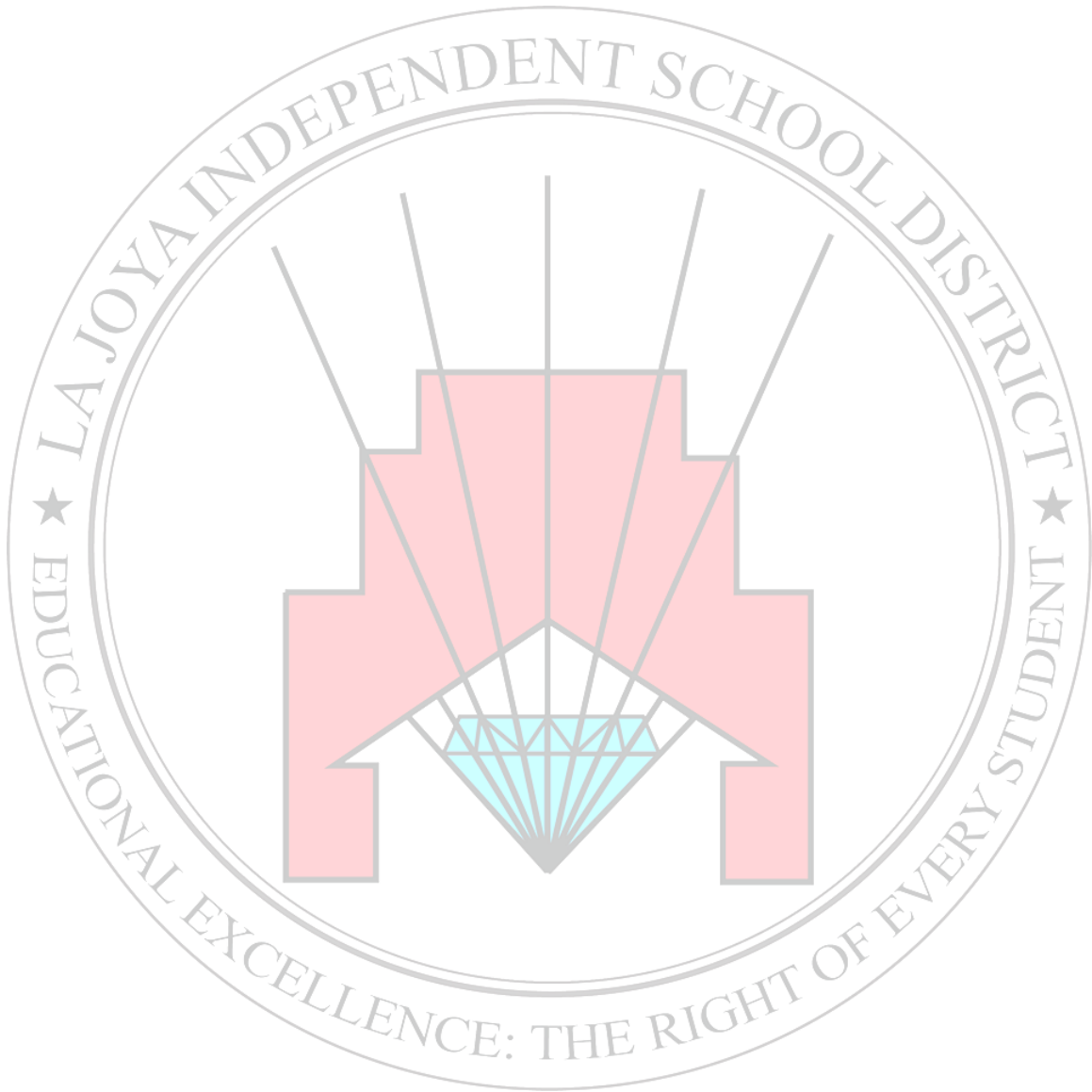
LA JOYA INDEPENDENT SCHOOL DISTRICT  
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT  
TO TOTAL GENERAL FUND EXPENDITURES

LAST TEN YEARS

(Unaudited)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service To General Fund Expenditures
2009	9,084,996	16,122,772	25,207,768	221,879,494	11.36%
2010	9,645,000	15,164,880	24,809,880	211,003,412	11.76%
2011	10,210,000	14,924,369	25,134,369	222,531,343	11.29%
2012	9,862,137	15,020,431	24,882,568	236,443,860	10.52%
2013	9,279,649	12,717,476	21,997,125	244,531,007	9.00%
2014	10,707,845	13,419,846	24,127,691	262,482,527	9.19%
2015	11,141,452	12,812,557	23,954,009	283,005,808	8.46%
2016	11,554,975	12,304,522	23,859,497	293,740,994	8.12%
2017	11,923,396	11,944,877	23,868,273	314,452,113	7.59%
2018	10,707,387	13,254,754	23,962,141	306,725,229	7.81%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance, Exhibit C-3



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## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

LA JOYA INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

(Unaudited)

Employer	2018 *			2009**		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
La Joya ISD	4,306	1	47.74%	3,763	1	
Rio Queen Citrus	900	2	9.98%	-	-	
Hidalgo County - Subdivisions	295	3	3.27%	-	-	
Wal-mart	295	4	3.27%	-	-	
HEB Food Stores	220	5	2.44%	-	-	
Lone Star Citrus Growers	175	6	1.94%	-	-	
Whataburger	96	7	1.06%	-	-	
AGUA Special Utility District	64	8	0.71%	-	-	
Teaching & Mentoring Communities	61	9	0.68%	62	2	
City of La Joya	51	10	0.57%	55	3	
Total	<u>6,463</u>		<u>71.65%</u>	<u>3,880</u>		<u>0.00%</u>

\* Direct communication with employers, TAPR 2017-2018

\*\* Since La Joya ISD encompasses all or part of five rural municipalities, no data is available, information displayed was gathered by direct communication with employers. Percentage of total city employment was not available.  
AEIS Report 2008-2009

LA JOYA INDEPENDENT SCHOOL DISTRICT  
CONSTRUCTION AND PERSONAL PROPERTY VALUES

LAST TEN YEARS

(Unaudited)

Tax Year	Single-Family Construction Permits	Average Construction Value	Total Personal Property Value
2008	12	91,650	568,233,848
2009	18	73,000	644,511,838
2010	21	87,250	566,621,791
2011	22	184,750	566,934,895
2012	44	111,275	441,358,296
2013	48	92,091	392,967,371
2014	52	140,036	377,622,851
2015	32	93,485	324,099,308
2016	46	95,314	321,760,424
2017	61	71,667	334,127,081

Source: [www.homefacts.com](http://www.homefacts.com)  
[www.city-data.com](http://www.city-data.com)  
 United States Census Bureau

Note: Since La Joya ISD encompasses all or part of five rural municipalities, only data for two municipalities are available.

LA JOYA INDEPENDENT SCHOOL DISTRICT  
DEMOGRAPHIC INFORMATION

LAST TEN YEARS

(Unaudited)

Calendar Year	Population	Personal Income	Per Capita Income	Unemployment Rate
2008	736,694	15,187,435,000	20,616	10.5%
2009	757,468	16,036,289,000	21,171	11.8%
2010	779,143	16,921,228,000	21,718	12.3%
2011	795,272	17,809,982,000	22,395	11.7%
2012	807,776	18,361,222,000	22,731	10.8%
2013	819,173	18,829,213,000	22,986	9.8%
2014	831,561	19,673,359,000	23,658	7.7%
2015	842,304	20,702,876,000	24,579	8.0%
2016	849,843	21,080,611,000	24,805	7.9%
2017	860,661	22,047,400,000	25,617	6.8%

Source: Statistics for Population, Personal Income, and Per Capita Income were derived from the Bureau of Economic Analysis Census Bureau midyear population estimates. Estimates for 2010-2015 reflect county population estimates available as of March 2017

Note: Since La Joya ISD boundaries cover a rural area, data is unavailable, therefore, McAllen-Edinburg-Mission, TX Metropolitan Area statistics were used as reported from the Bureau of Labor Statistics Unemployment Rate available as of August 2018.

## **OPERATING INFORMATION**

LA JOYA INDEPENDENT SCHOOL DISTRICT  
WORK FORCE COMPOSITION BY EMPLOYEE CLASSIFICATION

LAST TEN YEARS

(Unaudited)

Classification	2009	2010	2011	2012	2013
<b>Number of Employees</b>					
Teachers	1,823	1,906	1,971	1,967	1,957
Professional Support	281	310	328	326	345
Campus Administration	104	112	119	120	120
Central Administration	56	65	48	47	42
Educational Aides	275	264	270	279	288
Auxillary Staff	1,224	1,267	1,333	1,321	1,310
Total Employees	3,763	3,923	4,068	4,059	4,063
<b>Percent of Total</b>					
Teachers	48.45%	48.59%	48.45%	48.46%	48.18%
Professional Support	7.47%	7.89%	8.07%	8.04%	8.49%
Campus Administration	2.77%	2.85%	2.92%	2.94%	2.96%
Central Administration	1.48%	1.65%	1.18%	1.15%	1.03%
Educational Aides	7.29%	6.73%	6.63%	6.86%	7.10%
Auxillary Staff	32.53%	32.29%	32.76%	32.55%	32.23%
	100.00%	100.00%	100.00%	100.00%	100.00%

Source: Academic Excellence Indicator System (AEIS) 2009-2012  
Texas Academic Performance Report (TAPR) 2013-2018



SCHEDULE 23

2014	2015	2016	2017	2018
1,953	1,986	1,994	1,984	1,895
346	356	378	406	402
122	127	131	141	131
51	43	42	41	51
291	302	309	324	333
1,371	1,404	1,474	1,456	1,494
4,133	4,218	4,328	4,352	4,306
47.25%	47.08%	46.07%	45.59%	44.01%
8.37%	8.44%	8.73%	9.33%	9.34%
2.94%	3.01%	3.03%	3.24%	3.04%
1.23%	1.02%	0.97%	0.94%	1.18%
7.03%	7.16%	7.14%	7.44%	7.73%
33.16%	33.29%	34.06%	33.46%	34.70%
100.00%	100.00%	100.00%	100.00%	100.00%

LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF TEACHER INFORMATION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Bachelor's Degree		Master's Degree		Doctorate	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
2009	40,000	66,929	41,000	67,929	41,500	68,429
2010	40,500	67,929	41,500	68,929	42,000	69,429
2011	40,500	67,929	41,500	68,929	42,000	69,429
2012	40,200	58,163	41,200	59,163	41,700	59,663
2013	41,700	56,957	42,700	57,957	43,200	58,457
2014	43,400	57,754	44,400	58,754	44,900	59,254
2015	45,000	58,035	46,000	59,035	46,500	59,535
2016	46,150	58,333	47,150	59,333	47,650	59,833
2017	48,000	59,180	49,000	60,180	49,500	60,680
2018	48,650	59,382	49,650	60,382	51,650	62,382

Source: Academic Excellence Indicator System (AEIS) 2009-2012  
Texas Academic Performance Report (TAPR) 2013-2018

Note: Minimum & Maximum salaries are based on the La Joya ISD Hiring Salary Schedule for each applicable year.  
\$1,000 stipend for teachers with a master's degree in content area from an accredited university  
\$3,000 stipend for teachers with a doctoral degree in content area from an accredited university

SCHEDULE 24

Average Teacher Salary	Average Years of Experience	Bachelor's Education	Master's Education
\$ 48,015	9.8	87.5%	11.4%
\$ 48,157	9.7	86.0%	12.5%
\$ 48,810	9.9	85.8%	12.9%
\$ 48,263	10.1	85.3%	13.5%
\$ 48,970	10.4	84.7%	14.1%
\$ 50,416	10.4	84.8%	14.0%
\$ 52,291	10.6	83.5%	14.9%
\$ 52,929	10.8	82.5%	15.1%
\$ 54,514	11.1	82.5%	15.8%
\$ 55,303	11.5	81.1%	17.2%

LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF ATTENDANCE AND MEMBERSHIP

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance	Average Daily Membership	Percent of Attendance of Avg. Daily Membership	Peak Enrollment
2009	24,465	26,866	91.06%	27,512
2010	25,149	27,753	90.62%	28,280
2011	25,783	27,885	92.46%	29,092
2012	26,132	28,748	90.90%	29,185
2013	26,253	28,980	90.59%	29,334
2014	26,707	29,388	90.88%	29,682
2015	26,774	29,690	90.18%	29,690
2016	26,816	29,227	91.75%	29,659
2017	26,610	29,048	91.61%	29,401
2018	26,149	28,323	92.32%	28,642

Source: La Joya ISD Enrollment Reports - TEA Near-Final Summary of Finances

Average Daily Membership represents the average daily attendance of eligible enrollees, district-wide, over the official number of instructional days.

LA JOYA INDEPENDENT SCHOOL DISTRICT  
OPERATING STATISTICS

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance	*General Fund Operating Expenditures	Cost per Pupil	Cost/Pupil Percent Change	*Governmental Operating Expenditures	Cost per Pupil	Cost/Pupil Percent Change
2009	24,465	\$ 218,916,963	8,948	4.34%	268,241,468	10,964	9.67%
2010	25,149	\$ 207,773,304	8,262	-7.67%	285,277,208	11,343	3.46%
2011	25,783	\$ 220,202,420	8,541	3.38%	294,442,252	11,420	0.67%
2012	26,132	\$ 226,537,211	8,669	1.50%	288,824,350	11,053	-3.22%
2013	26,253	\$ 237,307,084	9,039	4.27%	299,265,510	11,399	3.14%
2014	26,707	\$ 253,869,812	9,506	5.16%	289,413,122	10,837	-4.94%
2015	26,774	\$ 276,215,997	10,317	8.53%	307,459,579	11,484	5.97%
2016	26,816	\$ 287,932,788	10,737	4.08%	317,205,075	11,829	3.01%
2017	26,610	\$ 294,713,438	11,075	3.15%	327,889,253	12,322	4.17%
2018	26,149	\$ 292,366,982	11,181	0.95%	327,214,890	12,513	1.55%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit C-3)

\*Note: General Fund & Governmental Operating Expenditures less Debt Service (function 7X) and Capital projects (function 81)

LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF STUDENT INFORMATION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Teacher / Student Ratio	Percentage of Free and Reduced Lunch	No. of Economically Disadvantaged Students	Percentage of Economically Disadvantaged Students
2009	14.8	88%	25,957	96.2%
2010	14.7	88%	26,788	95.9%
2011	14.6	88%	27,461	95.3%
2012	14.7	88%	27,589	95.5%
2013	14.9	88%	27,769	95.2%
2014	15.2	88%	28,121	94.9%
2015	14.9	87%	27,988	94.6%
2016	14.8	87%	27,808	94.2%
2017	14.8	88%	27,631	93.8%
2018	15.2	88%	26,879	93.4%

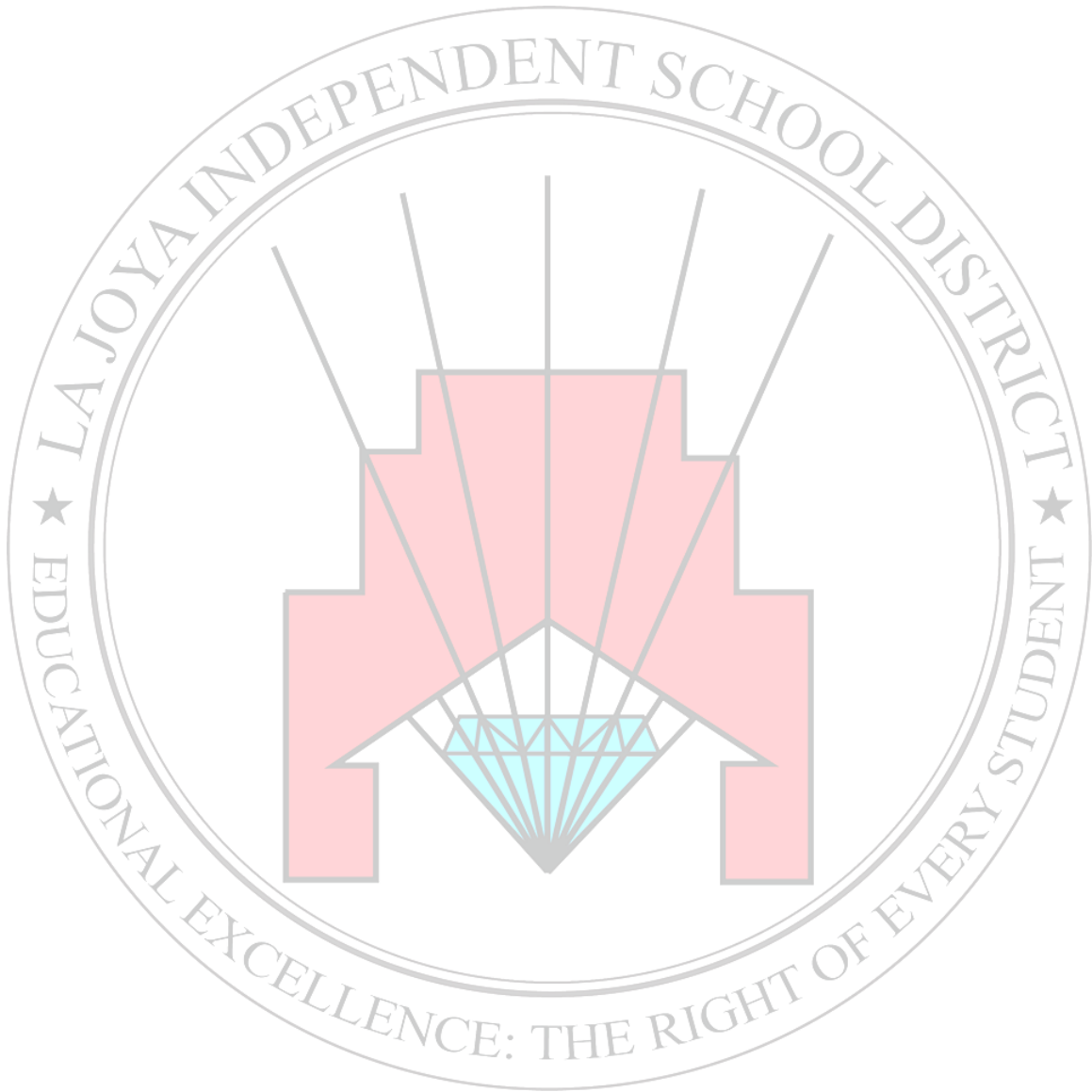
Source: Academic Excellence Indicator System (AEIS) 2009-2012  
Texas Academic Performance Report (TAPR) 2013-2018  
Percentage of Free and Reduced lunch provided by Child Nutrition Services

LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF SCHOOL BUILDINGS

(Unaudited)

	Year Built	Age in Years	Estimated Square Footage	Recommended Capacity
<b>HIGH SCHOOLS</b>				
JUAREZ/LINCOLN	2010	6	330,204	2,500
LA JOYA	1991	25	313,319	2,200
PALMVIEW HIGH SCHOOL	2009	7	411,000	2,800
TOTAL			1,054,523	7,500
<b>MIDDLE SCHOOLS</b>				
CHAVEZ	1995	21	137,724	1,000
DE ZAVALA	2001	15	130,000	900
GARCIA	2003	13	130,000	900
MEMORIAL	1997	19	132,208	1,000
RICHARDS	1999	17	144,872	1,000
SAENZ	2007	9	140,446	1,000
SALINAS	2010	6	136,000	1,000
TREVINO	2010	6	133,897	1,000
TOTAL			1,085,147	7,800
<b>SPECIAL CAMPUSES</b>				
ABRAHAM LINCOLN BUILDING	1999	17	225,000	1,500
JIMMY CARTER BUILDING	2003	13	210,000	1,500
HOPE ACADEMY	1960	56	41,504	500
LA JOYA EAST ACADEMY	2001	15	49,191	500
TOTAL			525,695	4,000
<b>ELEMENTARY SCHOOLS</b>				
BENAVIDES	1983	33	55,015	600
BENTSEN	2008	8	72,906	750
CAMARENA	2006	10	84,000	800
CAVAZOS	1997	19	56,200	600
CHAPA	1993	23	56,200	600
CLINTON	2008	8	75,000	750
ESCANDON	1993	23	56,200	600
DE LA GARZA	1984	32	64,568	650
DIAZ - VILLARREAL	1997	19	56,200	600
FLORES	1980	36	55,015	600
FORDYCE	2002	14	73,686	750
GARZA	2009	7	82,000	800
GONZALEZ	1999	17	73,686	750
KENNEDY	2003	13	84,000	800
LEO	1984	32	55,015	600
MENDIOLA	2010	6	85,500	800
PAREDES	2007	9	85,998	800
PENA	2008	8	75,000	750
PEREZ	1998	18	61,200	650
REYNA	1990	26	58,700	600
SEGUIN	2004	12	84,000	800
TABASCO	2002	14	84,000	800
ZAPATA	2003	13	73,000	750
TOTAL			1,607,089	16,200

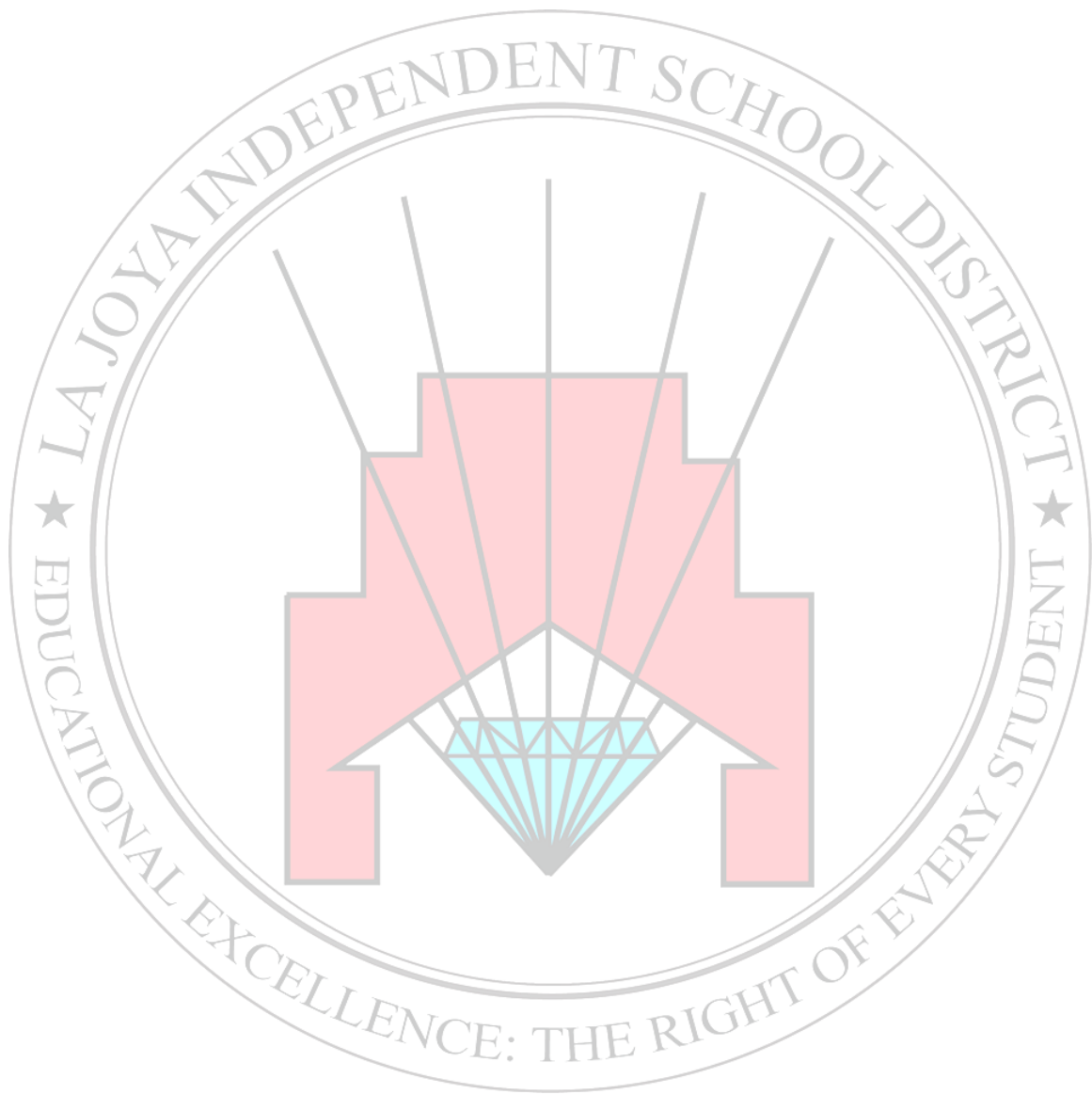
Source: Facilities Department Report



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## **FEDERAL AWARDS SECTION**



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# Noel Garza, CPA, PC

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Certified Public Accountant

2111 Jackson Creek Ave.

Edinburg, TX 78539

956-393-8743

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the President and Members of the School Board  
La Joya Independent School District  
La Joya, Tx

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the La Joya Independent School District, as of and for the year ended August 31, 2018, and the related notes to the financial statements, which collectively comprise the La Joya Independent School District's basic financial statements, and have issued our report thereon dated January 14, 2019.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the La Joya Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the La Joya Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the La Joya Independent School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the La Joya Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Noel Garza CPA, P.C.*

Noel Garza, CPA PC  
Edinburg, Tx  
January 14, 2019

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# Noel Garza, CPA, PC

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Certified Public Accountant

2111 Jackson Creek Ave.

Edinburg, TX 78539

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the President and Members of the School Board  
La Joya Independent School District  
La Joya, Tx

### **Report on Compliance for Each Major Federal Program**

We have audited the La Joya Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the La Joya Independent School District's major federal programs for the year ended August 31, 2018. La Joya Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the La Joya Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the La Joya Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the La Joya Independent School District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the La Joya Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2018.

## Report on Internal Control over Compliance

Management of the La Joya Independent School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the La Joya Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the La Joya Independent School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Noel Garza CPA P.C.*

Noel Garza, CPA PC  
Edinburg, Tx  
January 14, 2019

LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2018

- I. Summary of the Auditor's Results:
- A. The type of report issued on the financial statements of the La Joya Independent School District was an unmodified opinion.
  - B. With respect to internal control over financial reporting we identified no material weaknesses and we reported no significant deficiencies.
  - C. We noted no noncompliance material to the financial statements.
  - D. With respect to internal control over major federal programs we identified no material weaknesses and we reported no significant deficiencies.
  - E. The type of report we issued on compliance for major programs was an unmodified opinion.
  - F. We disclosed no audit findings which the auditor is required to report in accordance with 2 CFR 200.516(a).
  - G. We identified the following major program:
    - Child Nutrition Program Cluster: School Breakfast Program 10.553
    - National School Lunch Program - Cash Assistance 10.555
    - National School Lunch Prog. - Non-Cash Assistance 10.555
  - H. The dollar threshold used to distinguish between Type A and Type B programs was \$1,518,543.
  - I. The auditee does qualify as a low-risk auditee.
- II. Findings relating to the Financial Statements which are required to be reported in accordance with *Generally Accepted Government Auditing Standards*.
- None.
- III. Findings and questioned costs for Federal Awards including audit findings as described in I.F above.
- None.

LA JOYA INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2018

**Finding 2017-01: Expenditures over Appropriations**

Criteria: Sec. 44.006 of Texas Education Code stipulates that public funds of the school district may not be spent in any matter other than as provided for in the budget adopted by the Board of Trustees.

Condition: The Debt Service and the General Fund Food Service function exceed appropriations at year end..

Status: Corrected.



LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2018

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	18610101108912	\$ 15,950,794
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101108912	994,986
Title I 1003-School Improvement	84.010A	18610123108912	178,909
Total CFDA Number 84.010A			17,124,689
ESEA, Title I, Part C - Migratory Children	84.011A	18615001108912	2,589,202
ESEA, Title I, Part C - Migratory Children	84.011A	19615001108912	202,827
Total CFDA Number 84.011A			2,792,029
*IDEA - Part B, Formula	84.027A	186600011089126600	4,607,239
*IDEA - Part B, Formula	84.027A	196600011089126600	299,941
Total CFDA Number 84.027A			4,907,180
*IDEA - Part B, Preschool	84.173A	186610011089126610	25,500
Total Special Education Cluster (IDEA)			4,932,680
Career and Technical - Basic Grant	84.048A	18420006108912	519,485
Career and Technical - Basic Grant	84.048A	19420006108912	19,929
Total CFDA Number 84.048A			539,414
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287C	19695026711028	55,941
College in ACTION! GEAR UP (Univ. of TXRGV)	84.334A	P334A170097	313,250
Title III, Part A - English Language Acquisition	84.365A	18671001108912	1,443,658
Title III, Part A - English Language Acquisition	84.365A	19671001108912	78,687
Total CFDA Number 84.365A			1,522,345
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	18694501108912	1,204,074
ESEA, Title II, Part A, Supporting Effective Instr	84.367A	19694501108912	2,425
Total CFDA Number 84.367A			1,206,499
Project RISE (Region I Incentive Strategies for Ed	84.374A	U374A160002-16A	45,765
Project RISE (Region I Incentive Strategies for Ed	84.374A	U374A160002-16A	455,973
Total CFDA Number 84.374A			501,738
Project HEAL2 (Health Education And Leadership)	84.411C	U411C160117	80,777
Title IV, Part A Subpart I	84.424A	18680101108912	157,068
Emergency Impact Aid to LEA's	84.938C	51271901	239,150
Total Passed Through State Department of Education			29,465,580
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			29,465,580
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Univ of Texas Health Science Center</u>			
Camp Code for Girls - (TANF Family Assistance)	93.558	2318TAN003	64,389
Texas School Ready! Project	93.596	U411C160117	153,875
Texas School Ready! Project	93.596	U411C160117	7,281
Total CFDA Number 93.596			161,156
Total Passed Through Univ of Texas Health Science Center			225,545
<u>Passed Through State Department of Education</u>			
Medicaid Administrative Claiming Program - MAC	93.778		89,724
Total Passed Through State Department of Education			89,724
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			315,269

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2018

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		6,443,415
*National School Lunch Program - Cash Assistance	10.555		12,688,415
*National School Lunch Prog. - Non-Cash Assistance	10.555		1,705,430
Total CFDA Number 10.555			14,393,845
Total Child Nutrition Cluster			20,837,260
Total Passed Through the State Department of Agriculture			20,837,260
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			20,837,260
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 50,618,109
*Clustered Programs			

LA JOYA INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2018

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund or, in some instances, in the General Fund which are Governmental Fund type funds.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

- The period performance for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Performance of Federal Funds, Part 3, Uniform Guidance Compliance Supplement.
- CFDA numbers for commodity assistance are the CFDA numbers of the programs under which USDA donated the commodities. CFDA number 10.550 pertains to food commodities distributed by USDA under the following categorical programs (as applicable): the National School Lunch Program (CFDA 10.555), the Summer Food Service Program (CFDA 10.559).
- Indirect cost reimbursement for federal programs for this fiscal year was received in the amount of \$ 987,299.

# SCHOOLS FIRST QUESTIONNAIRE

La Joya Independent School District

Fiscal Year 2018

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	9,839,852
SF11	Net Pension Assets (1920) at fiscal year-end.	-
SF12	Net Pension Liabilities (2540) at fiscal year-end.	64,544,492
SF13	Pension Expense (6147) at fiscal year-end.	

La Joya Independent School District  
[www.lajoyaisd.com](http://www.lajoyaisd.com)  
(956) 323-2000



2018 Comprehensive Annual Financial Report



It is the policy of La Joya ISD not to discriminate on the basis of sex, age, handicap, religion, race, color, or national origin in its educational programs.